



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** REPORT TO THE COUNCIL – FINANCIAL AUDIT FOR FISCAL YEAR 99-00

**MEETING DATE:** February 7, 2001

**PREPARED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council receive for file the following reports and financial statements submitted by KPMG LLP and the Finance Department for Fiscal Year 1999-00:

- The Combined Annual Financial & Single Audit Report
- The Management Letter
- The SAS 61 Report (Report to City Council)

**BACKGROUND INFORMATION:** The annual audit was conducted to reassure the City Council and other interested parties that the City's financial records and reports are prepared in accordance with generally accepted accounting principles (GAAP), that internal controls are adequate to safeguard the City against loss from unauthorized use or disposition of assets and that the City has complied with all agreements and covenants to obtain grant funds and debt financing. KPMG LLP has issued an "unqualified opinion". Steven DeVetter, Partner and Marvin Dozier, Senior Manager of KPMG will be present to do the presentation and answer questions during the Council meeting.

The reports will be provided to Federal and State oversight agencies, bond trustees and insurance companies for their review and evaluation. Copies of the reports are provided to the City Council and also available to the public by contacting the Finance Department Accounting Manager or at the Lodi Public Library for reference.

### Certificate of Achievement

The City received a Certificate of Achievement for Excellence in Reporting from the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) for the seventh year in a row. Copies of these certificates are included in the 1999-00 Financial Report.

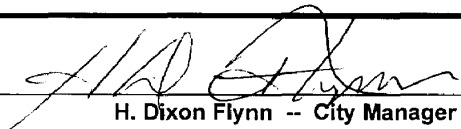
### Acknowledgments

The Accounting staff of the Finance Department should be commended for their hard work and professionalism in preparing the City's Annual Financial Reports. It is due to their dedication to excellence and to the City that made Lodi recognized by the auditors and other professional financial organizations.

**FUNDING:** None

  
Vicky McAthie  
Finance Director

**APPROVED:**

  
H. Dixon Flynn -- City Manager



Three Embarcadero Center  
San Francisco, CA 94111

January 17, 2001

The Honorable Members of the City Council  
City of Lodi, California:

Dear Council Members:

We have audited the general purpose financial statements of the City of Lodi, California (the City), as of and for the year ended June 30, 2000, and have issued our report thereon dated October 18, 2000. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinions on those financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

A material weakness is a condition in which the design or operation of specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving internal control and its operation that we consider to be material weaknesses as defined above.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized in the attachment.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time

This report is intended solely for the information of the City Council, City management and other within the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



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## THE NEW REPORTING MODEL

### Background

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new reporting model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of governmental financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the City's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

*Management's Discussion and Analysis (MD&A)* – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year-end. The MD&A will be in addition to the transmittal letter currently required for Government Finance Officers Association (GFOA) award certificates, such as your city, but we expect that the GFOA will make changes in their requirements so as to avoid any duplication between the two documents.

*Government-Wide Reporting* – The City will be required to report financial operations and net assets, not only at the fund perspective for governmental activities, but will also have to prepare statements at the government-wide level. This level will distinguish between government and business type activities. All information at the government-wide level will be reported using the economic resources measurement focus and accrual basis of accounting, as enterprise funds do under the current model. Fiduciary activities will be excluded from the government-wide level reporting. General government fixed assets, including infrastructure, and long term liabilities of the government will need to be reported with all the other governmental assets and liabilities. This means that the City will be preparing additional financial statements requiring new adjustments and analysis.

*Statement of Activities* – Governments will now be required to use a "net program cost" format for the government-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government. Governments will have the option of reporting both direct and indirect program costs. Depreciation expense will now generally be reflected as a cost in the statement of activities.

*Infrastructure Reporting* – Historically, the City has not been required to record and report infrastructure assets in its financial statements. Under the new standard, the City must report infrastructure assets acquired within the last twenty-five years at historical cost. The standard provides several alternatives for determining historical cost of infrastructure assets. Although the standard generally requires depreciation of infrastructure assets, the City may not be required to depreciate these assets if it can demonstrate that it is preserving its infrastructure at approximately (or above) a disclosed condition level established by the City. Many government entities do not have the data readily available to prepare this information. As a result, considerable work and effort will be required to gather this information and to design systems to capture the data on a on-going basis.

*Fund Level Reporting* – Fund level financial statements will still be required and will provide information about the City's fund types, including fiduciary funds and blended component units. General capital assets and long-term liabilities will only be reported at the government-wide level. Fund level reporting will continue to focus on fiscal accountability and reflect the flows and balances of current financial resources. The modified accrual basis of accounting will continue to be used at this level, except for proprietary and fiduciary funds which would continue reporting based on economic resources and the accrual method of accounting. A reconciliation between the fund and the government-wide statements will be required on the face of the fund statements. Finally, proprietary fund cash flow statements must be presented using the direct method.

*Presentation of Budgetary Information* – The standard requires budgetary statements for the general fund and certain other governmental funds as required supplementary information. The original adopted budget of the City as well as the final revised budget must be presented. Actual results on a budgetary basis will need to be reconciled to the Generally Accepted Accounting Principles (GAAP) basis on the face of the statements.

The effective date of the new pronouncement will require implementation by the City for its year beginning July 1, 2002. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. We recommend the City begin to look at its systems, processes, resources and training to ensure that the required information will be available to ensure timely implementation. Further, we recommend that the City consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget.

## **PROCUREMENT POLICIES AND PROCEDURES**

Documented policies and procedures are an excellent means of communicating practices. The City has recently done an excellent job of documenting policies and procedures related to fleet maintenance and travel. As the City continues to document its policies and procedures, we recommend that it focus on its procurement policies and procedures.

At present, the City is following the purchase ordinance and the competitive bidding procedures established by the State of California. However, procurement procedures are not documented as they relate to the City.

We recommend that the City establish its own procurement policies and procedures that will consider the City's activities, its accountability to the residents of Lodi and the present economic conditions in the area. These policies and procedures should be officially approved by the City Council and duly implemented throughout the City. An official procurement policy that provides efficient and practical purchasing procedures and effective controls to protect the City's resources, will facilitate the cost/benefit discussions of various internal controls and provide consistent guidance to staff.

## **REVIEW OF WORKERS' COMPENSATION CLAIM DATA**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The City is self-insured for workers' compensation up to the first \$250,000 per occurrence. The City's workers' compensation claims, along with claims for general liability, are administered by an outside agency and all other claims are administered by the City.

We noted that the City has an internal database based from which monthly reports are prepared with information on the frequency and severity of workers' compensation claims for trend analysis. It was noted, however, that the City does not obtain claims reports from its third party administrator for reconciliation purposes.

We recommend that the City obtain monthly or quarterly reports from its third-party administrator and reconcile the City's database with these reports. This will help ensure that the City's basis in analyzing claims status and trends during the year to assist in the determination of the reasonableness of the City's workers' compensation self-insurance liability and for managing its risks will be based on the most updated claim information.

## **REVIEW OF EMPLOYEE DATA CHANGES**

During our review of the internal controls established in the human resource department, we noted that a person independent of the person who enters employee data changes does not review the changes prior to finalizing the human resources module. A review of the payroll information is conducted by Finance before payroll checks are issued.

We recommend that an independent review of any changes made to employee data be performed soon after the changes have been made. This will help eliminate the time that is needed to reconcile payroll information before checks are issued.



Three Embarcadero Center  
San Francisco, CA 94111

January 30, 2001

The Honorable Members of the City Council  
City of Lodi, California

Ladies and Gentlemen:

We have audited the general purpose financial statements of the City of Lodi, California (the City) for the year ended June 30, 2000, and have issued our report thereon dated October 18, 2000. Under auditing standards generally accepted in the United States of America, we are providing you with the attached information related to the conduct of our audit.

**Our Responsibility Under Auditing Standards  
Generally Accepted in the United States of America**

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

**Significant Accounting Policies**

The significant accounting policies used by the City are described in note 1 to the financial statements. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.



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### **Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We evaluated the key factors and assumptions used to develop estimates and found them to be reasonable in relation to the financial statements taken as a whole.

### **Audit Adjustments**

We proposed no corrections of the financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the City's financial reporting process.

In connection with our audit of your financial statements, we have not discussed with management any significant financial statement misstatements that have not been corrected for in your books and records as of and for the year ended June 30, 2000.

### **Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in the City's Comprehensive Annual Financial Report does not extend beyond the general purpose financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in the City's Comprehensive Annual Financial Report. We have, however, read the other information included in the City's Comprehensive Annual Financial Report, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

### **Disagreements With Management**

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the City's financial statements.

### **Major Issues Discussed With Management Prior to Retention**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no serious difficulties in dealing with management in performing our audit.



\* \* \* \* \*

This report is intended solely for the information and use of the City Council and Management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



filed 2-7-01



# City of Lodi

## Presentation of Fiscal 2000 Audit Results

February 7, 2001



## Engagement Scope

Presentation of Fiscal 2000 Audit Results to the City of Lodi

### General Purpose Financial Statements

- Unqualified opinion in fiscal 2000
- No material weaknesses in internal control over financial reporting

### Single Audit in Accordance with OMB Circular A-133

- Two major programs (Community Development Block Grants and Federal Transit Assistance)
- No findings or questioned costs



## **Discussion of General Fund**

### **Economy**

\$1.1 million increase in general fund balance, up from \$0.4 million increase in the prior year.

Undesignated general fund balance is 12% of operating expenses, which is up from 10% in the prior year. The City's goal is 15%.

Accrued salaries and wages declined by approximately \$.6 million from prior year due to 5 days being accrued in the current year versus twelve in the prior year.

## Required Communi- cations



Presentation of Fiscal 2000 Audit Results to the City of Lodi

Our responsibility under Auditing Standards Generally Accepted in the United States of America

Significant accounting policies

Management Judgments and Accounting Estimates

Audit adjustments

Other information in documents containing audited financial statements

Disagreements with management

Major issues discussed with management prior to retention

Difficulties encountered in performing the audit



## Management Letter Comments

The New Reporting Model

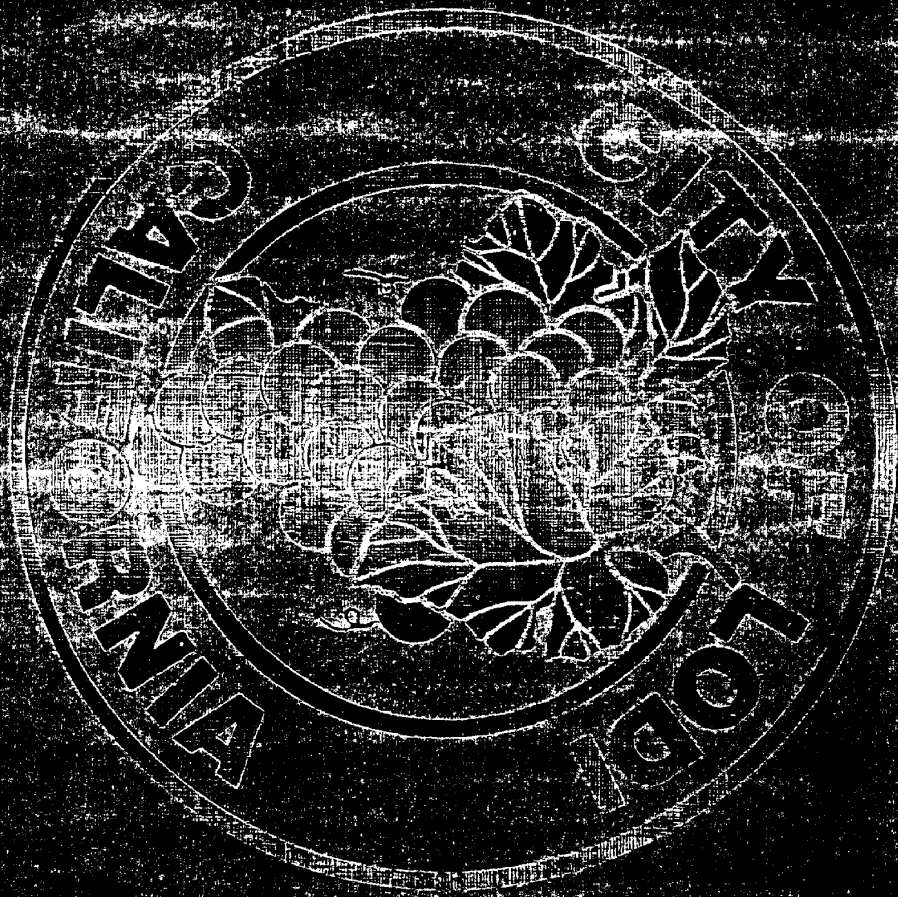
Procurement Policies and Procedures

Review of Workers' Compensation Claim Data

Review of Employee Data Changes



# Questions & Answers



CITY OF LODI, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2000

**CITY OF LODI, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2000**

**STEPHEN J. MANN, MAYOR**  
**ALAN NAKANISHI, MAYOR PRO TEMP**  
**SUSAN HITCHCOCK, COUNCILMEMBER**  
**KEITH LAND, COUNCILMEMBER**  
**PHILLIP PENNINO, COUNCILMEMBER**

**H. DIXON FLYNN, CITY MANAGER**

**Prepared by the Finance Department**  
**Vicky McAthie, Finance Director/Treasurer**  
**Ruby Paiste, Accounting Manager**  
**Coriene Wadlow, Accountant II**

filed 1-1-01



## PREFACE

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## **PREFACE**

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The Comprehensive Annual Financial Report (CAFR) has been prepared in order to present the City of Lodi, California (City) monetary results of operations and financial condition as of June 30, 2000, as well as provide statistical information of general interest about the City. To achieve these goals, the City's CAFR was organized into the following four major sections:

### **INTRODUCTION**

This section of the CAFR provides a comprehensive analysis of the City's financial position as of June 30, 2000, as well as summaries of significant policies and practices which affect the City's management of its financial affairs. The Introduction section also includes a directory of City officials and advisory bodies and an organization chart of the City.

### **FINANCIAL REPORTS**

This section includes the primary financial statements of the City and is organized into three major areas:

- \* Independent Auditors' Report
- \* General Purpose Financial Statements including notes which summarize the City's financial position and results of operations at the "Fund" level.
- \* Supplemental financial statements, which provide financial information for each of the City's funds and account groups organized by generic fund type: Governmental Funds (General, Special Revenue, Capital Project and Debt Service), Proprietary Funds, Fiduciary Funds and General Fixed Assets and General Long-Term Obligations. An overview introduces each of these supplemental financial statements which describes the purpose of each fund or account group.

In accordance with generally accepted accounting principles, the City's financial reporting system is organized on a "fund" basis, which is described further on the following pages of this Preface.

### **STATISTICAL TABLES**

This section includes the following demographic and financial tables which provide current and historical trend information for the City and is organized into four major areas:

- \* Statistical overview
- \* General financial trends of revenues, expenditures, property valuation and tax sources for the last ten years
- \* Long-term indebtedness trends and characteristics
- \* Demographic and economic base trends and characteristics

## **PREFACE - CONTINUED**

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### **SINGLE AUDIT**

The City is required to undergo an annual single audit of its expenditures of federal awards in conformity with the provisions of the Single Audit Act Amendments of 1996. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, is also included in this report.

The City's financial reporting system is organized on a "fund" basis consisting of three major fund types - Governmental, Proprietary and Fiduciary - and two self-balancing Account Groups. The City's various funds as summarized below have been established in order to segregate and identify those financial transactions and resources associated with providing specific activities or programs in conformance with special regulations, restrictions or limitations.

### **GOVERNMENTAL FUNDS**

Most of the City's programs and functions are provided and financed through the following Governmental Funds, which are distinguished by their use of the "flow of current financial resources" measurement focus in determining financial position and changes in financial position:

#### **General Fund**

#### **Debt Service**

#### **Capital Project Funds**

- Equipment Fund
- Library Capital
- Subdivision Capital
- Hutchins Street Square Capital
- Capital Outlay Reserve Fund
- Lodi Lake Capital

#### **Special Revenue Funds**

- Police Special Revenue Fund
- Special Grants Fund
- Streets Fund
- Transportation Fund
- Community Development Block Grants
- Home Program

### **PROPRIETARY FUNDS**

Proprietary funds are distinguished from Governmental funds by their similarity to private sector enterprises, as the intent is that the cost of providing services whether this service is provided to the public (Enterprise Funds) or internally to the organization (Internal Service Funds) - is to be financed or recovered primarily through user charges. Enterprise Funds may also be established to account for operations under which the City or an outside granting agency has decided that a periodic determination of net income under full accrual accounting is appropriate for capital maintenance, public policy, management control, accountability or other public purpose. The following four Enterprise Funds are used by the City: Electric, Sewer, Water and Transit. The Internal Service Funds are used to account for claims and benefits.

## **PREFACE - CONTINUED**

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### **FIDUCIARY FUNDS**

Also known as Trust and Agency Funds, the following funds are used to account for assets maintained by the City in a trustee capacity for private individuals, organizations or other governmental agencies:

#### **Expendable Trust Funds**

Private Sector Trust

Hutchins Street Square Bequest

Miscellaneous Expendable Trust

#### **Agency Funds**

Special Assessments

### **ACCOUNT GROUPS**

Except for assets and liabilities associated with the Proprietary or Fiduciary fund types, the following self-balancing account groups are used for accounting control and accountability for the City's general fixed assets and the unmatured portion of principal outstanding on its general long-term obligations.

General Fixed Assets Account Group

General Long-Term Obligations Account Group

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## INTRODUCTION

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CITY COUNCIL

STEPHEN J. MANN , Mayor  
ALAN NAKANISHI, Mayor Pro Tempore  
COUNCILMEMBERS:  
KEITH LAND  
SUSAN HITCHCOCK  
PHILLIP A. PENNINO

# CITY OF LODI

CITY HALL, 221 WEST PINE STREET  
P.O. BOX 3006  
LODI, CALIFORNIA 95241-1910  
(209) 333-6706  
FAX (209) 333-6795

H. DIXON FLYNN  
City Manager  
SUSAN BLACKSTON  
City Clerk  
RANDALL A. HAYS  
City Attorney

**October 18, 2000**

**To the Honorable Mayor, Members of the City Council  
and Manager of the City of Lodi:**

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000, is hereby submitted. This report is provided to present the financial position, results of operations and cash flows of the City's funds as of June 30, 2000, in conformity with generally accepted accounting principles. The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by State and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

We believe that the information is accurate in all material respects and that it is presented in a manner designed to fairly present the financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain full understanding of the City's financial activities have been included.

The CAFR is presented in four sections: introductory, a financial section, a statistical section and single audit section. The introduction includes the transmittal letter, the City's organization chart and a list of principal officials. The financial section includes the independent auditors' report on the general purpose financial statements and supplementary schedule of expenditures of federal awards, the financial statements and notes to the financial statements. The single audit section includes the schedule of expenditures of federal awards, notes to the schedule, reports on compliance and internal control based on the audit of the general purpose financial statements and on compliance and internal control with requirements applicable to each major program in accordance with OMB Circular A-133. The statistical section includes selected financial and demographic information presented on a multi-year basis.

**THE REPORTING ENTITY AND SERVICES PROVIDED**

The funds and account groups included in the CAFR are those deemed dependent upon the City and controlled by the City Council and reflect the City's financial reporting entity in accordance with the Governmental Accounting Standards Board (GASB) Statement 14.

The City provides a wide range of municipal services including public safety (police, fire and graffiti abatement), public utilities services (electric, water and sewer), transportation services (streets, flood control and transit) leisure, cultural and social services (parks and recreation, library and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance).

Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	13
Sanitation (solid waste) and Cable Television	2
Ambulance	1
Gas and Telephone	2

## **ECONOMIC CONDITION AND OUTLOOK**

### **Overview**

The City is located in the San Joaquin Valley between Stockton 10 miles to the south, and Sacramento 35 miles to the north, and adjacent to U.S. Highway 99. The City population is 57,935 and is contained in an area of 12.5 square miles. The City has grown steadily since incorporation in 1906 and is projected to grow to 70,500 people by the year 2007. The City's growth is provided for in both the General Plan and the City's growth control ordinance that allows an increase in population of 2% per year until the growth limits are reached.

Lodi is built on a strong and broad based agricultural industry with national and industrial markets for its commodities and products. Wines, processed foods, nuts, fruit and milk are major commodities of the Lodi area and provide the basic material for food processing and packaging. These commodities support the operations of General Mills, Guild Winery and Pacific Coast Producers to name just three companies in the business of processing local agricultural commodities.

In addition, Lodi has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from 10 to 150 employees and produce a wide variety of products, services and commodities.

There has been an increase in industrial and residential development that has been unprecedented since the early 1980s. This new development combined with the growing strength of the wine/grape industry is a positive indicator for Lodi. The City's focus on economic development has successfully encouraged numerous big industries to move to Lodi that collectively created hundreds of new jobs.

### **Economic Development**

Lodi continues to be committed to promoting economic development (business retention and attraction) and expanding the tax base to fund city services rather than increase taxes to pay for these services. The City developed long and short term economic development goals in conjunction with the Chamber of Commerce that resulted in the current revitalization projects for the downtown and Cherokee Lane areas.

In addition to revitalization efforts, the City has adopted a number of incentives to retain and attract new businesses. These incentives included infrastructure improvements, regulatory flexibility, tax credits and utility rate incentives.

## **MAJOR GOALS, OBJECTIVES AND PROJECTS**

### **Overview**

To assist the citizens of Lodi understand where the City intended to concentrate expenditure of available resources, City Council, the City Manager and Department Heads have established a hierarchy of planning statements for the City of Lodi. This hierarchy is comprised of major city goals, major city objectives and major city projects.

Five major City goals were established as policy direction and focal points for the efforts of City staff. These goals include:

- Improve Customer Service
- Enhance Access to Information
- Ensure Efficient and Productive City Organization
- Enhance Quality of Life and Provide a Safe Environment for Citizens, and
- Develop the Lodi Economy

City Council, the City Manager and Department Heads established sixteen major City objectives:

- |  |   |
|--|---|
| Develop Short and Long Range Operational Plans                 | Promote Commercial/Industrial Base                        |
| Promote Public Relations and Marketing Efforts                 | Provide Resources to Maintain City's Infrastructure       |
| Implement Information Systems Strategic Plan                   | Continue to Use Partnerships to Advance City's Objectives |
| Pursue Efforts to be Entrepreneurial                           | Promote Urban Forestry                                    |
| Maintain City's Sense of Community                             | Provide for a Balanced Community                          |
| Encourage Public Arts, Cultural and Recreational Opportunities | Provide Appropriate and Sufficient City Facilities        |
| Develop Effective Records Management Program                   | Evaluate Telecommunications Opportunities                 |
| Develop/Review Policies Relating to Providing Customer Service | Provide Employee Training and Education                   |

Projects represent the foundation of the planning statements for the City of Lodi. These projects are designed to accomplish specific objectives and become the focus for organization wide effort. The following major City projects were planned in the 1999-2001 two-year budget document.

As discussed above, economic revitalization continues to be an active focal point of the City in 1999-00. Other significant projects included: 1) renovation and expansion of the Public Safety Building; 2) preparation of an Electric Utility Strategic master plan; 3) development of policy guidelines for replacement and financing of water and wastewater utility infrastructure; 4) provide street infrastructure that meets the demands of growth; 5) provide improvements to the railroad tracks and adjustments on Lockeford Street and Lodi Avenue; 6) prepare a comprehensive, professional Economic Development Strategy; 7) development of a green belt around the City of Lodi; and 8) formation of a redevelopment agency.

**Public Safety Building Remodel and Expansion**

The Public Safety Building is over thirty years old and it has many mechanical and design deficiencies. Remodeling this building to provide additional work space, parking and related site improvements are estimated to cost the City \$17.4 million. The public safety building remodel will include a complete retrofit of the HVAC system, replacement of jail facility, full compliance with the Americans with Disabilities Act requirements, more space for public safety officers and a Police and Civic center parking structure.

**Electric Utility Master Plan**

With deregulation of the electric utility industry, the Electric Utility Department has been working to develop a long range strategic plan based on Federal and State legislation, the City's financial projections, debt structure, customer service needs, power generation, transmission and distribution assets. The objective of this plan is to provide the City with a guide for decisions related to Electric Utility that has to be made over the next 5 to 10 years. To remain competitive in a deregulated environment, the City must make significant changes in the way business is conducted. A previously completed financial plan established the foundation by which the City enters the competitive environment and moves forward with an integral plan. The risks associated with deregulation make this project the most critical the City will undertake in the next two years.

**Water/Wastewater Utility Service Improvements**

The City's aging water and sewer lines are in need of replacement at some time in the future. The City plans to develop policy guidelines for replacement and financing of these improvements.

**Public Road Improvements**

The City needs to provide street infrastructure to meet the demands of growth on the westside of town. Lower Sacramento Road is in need of widening and reconstruction from Kettleman Lane to Turner Road. Guild Avenue extension from Industrial Way to Lodi Avenue is being done as part of the City's industrial economic development program. The project includes completion of Thurman Street to Guild Avenue as well.

**Railroad Track Improvements**

This project will provide improvements to the railroad tracks and adjustments on Lockeford Street and Lodi Avenue. This project includes: removal of the Central California Traction Company tracks in Lodi Avenue between Cherokee lane and the Union Pacific mainline tracks and reconstruction of Lodi Avenue including lighting; installation of concrete rail crossing surfaces; improvement of Lockeford Street and Victor Road.

**Economic Strategy of Lodi**

In April 1994, the City Council adopted goals to promote economic growth in targeted business districts and throughout Lodi. These goals provide a commitment by City Council and long-term direction to staff for the promotion of business growth and retention in the City. These goals include the formulation of a city wide Economic Development Strategic Plan.

**Greenbelt Policy**

The City of Lodi is surrounded by one of the most fertile and productive agricultural regions in the world. This land has been the base on which economic development has occurred in Lodi and northern San Joaquin County from the earliest days of settlement. As pressure for urban growth continues, the City needs a strategy to protect its green belt and agricultural assets. Accordingly, City staff plans to develop appropriate plans and policies to protect existing greenbelt from inappropriate development in our sphere of influence.

**Redevelopment Agency**

The greater parts of the historic business and residential areas of Lodi are located in the eastern third of the City. The age of the buildings and infrastructure in this area is between 40 to 90 years old. Many of the buildings reflect the charm of the buildings constructed between the 1890s and 1930s. Many long time residents and businesses continue to live and conduct business in this area. Over the last fifteen to twenty years, private investment has shifted to the City's newer areas in the west and south areas of the City and the number of resident property owners in the "Eastside" areas have decreased. Accordingly, this area has experienced a decline in the level of investment, property maintenance and relative property values. The City Council is committed to maintaining the historic and economic vitality of this area and accordingly, the City will form a Redevelopment Agency to preclude blight and decay and to encourage private investment.

**FINANCIAL INFORMATION, MANAGEMENT AND CONTROL**

A detailed understanding of the financial position and operating results of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

**Basis of Accounting**

Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial position and changes in financial position. Revenues are recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**Accounting System and Budgetary Control**

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget is adopted annually. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end balances. During fiscal year 1999-00, the City Council and City Manager made several supplemental budget appropriations the majority of which relate to capital projects.

**Fund Balance**

It is the City's goal to maintain and work toward an unreserved, undesignated fund balance in the General Fund and working capital balances in the Electric, Water and Sewer enterprise funds of at least 15% of operating expenditures. This goal was achieved in the enterprise funds for the fiscal year 1999-00. The General Fund maintained a fund balance of \$3,788,220 or 13 % of operating expenditures at the end of fiscal year 1999-00.

**Carryover Policy**

The two-year Financial Plan and Budget format provides the City Council and staff with the opportunity to commit operating funds to services over a two-year time frame rather than the traditional one-year period. Under a one-year budget, appropriations lapse at the end of the fiscal year and favorable budget balances are no longer available for operating expenditures except when encumbered under contractual agreements. The two-year Financial Plan and Budget allows for the unexpended operating budget balances to be carried forward to the second year of the Financial Plan provided that the fund balance exceeds the required operating reserve.

**Cash Management**

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and as required by state law. An important objective of the City's investment policy is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's investment portfolio, investments are expected to yield a rate of return that regularly meets or exceeds an average rate of return on a three-month U.S. Treasury Bill.

The City received an award from the Municipal Treasurer's Association of the United States and Canada for the Investment Certification Program. This award program is designed to recognize outstanding written investment policies and to provide professional guidance and assistance in developing and improving existing investment policies in the government sector.

**Appropriation Limitation**

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the city.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For 1999-00, the City's appropriations subject to limit were \$20,907,397 and the appropriation limit was \$48,787,849, a favorable variance of \$27,880,452.

**Debt Administration**

To fund the downtown revitalization the City issued a \$1.97 million limited obligation improvement bonds for the Central City Revitalization Assessment District on July 22, 1996. These bonds have no commitment by the City. At June 30, 2000, the City had outstanding Certificates of Participation of \$69,987,682. These liabilities are discussed in Note 7 of the General Purpose Financial Statements.

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis and will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

**Interim Financial Reporting**

Monthly financial reports are prepared to present the City's financial condition and results of operation. These reports are organized using the "pyramid" approach. As such, the highest level of summary data is presented first, followed by progressively greater levels of detail. The reports provide current period and year to date revenues, expenditures and encumbrances for all activities and funds, including year to date estimates and variances.

**Single Audit**

The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996 which is a requirement of all local and state governments receiving federal financial awards. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds. The result of the City's single audit for the fiscal year ended June 30, 2000, provided no instance of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Competitive Bidding Policy**

All required purchases for materials, equipment and services during 1999-00 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of \$5,000.

**Risk Management**

The City is self-insured for dental care, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance. Self-insurance transactions are accounted for under the City's Claims and Benefits Fund. At June 30, 2000, the Claims and Benefits Fund had a deficit of \$1,296,393. The City engaged the services of an actuary to evaluate the workers' compensation and the general liability programs.

**FINANCIAL HIGHLIGHTS**

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for effectively managing the financial resources of the City.



### General Government Functions

The following table presents a summary of the general fund, special revenue funds, capital projects funds, expendable trust funds and debt service fund revenues for the fiscal year ended June 30, 2000, and the amount of increases and decreases in relation to prior year revenues. As provided and discussed below, revenues increased by \$3,014,248 or 8.78 % from 1999.

REVENUES							
	2000		1999		Variance		Variance
	Amount	% of Total	Amount	% of Total	by Amount		by Percent
Taxes	\$ 19,800,885	53.02%	\$ 18,593,585	54.16%	\$ 1,207,300		6.49%
Licenses and Permits	1,405,935	3.76%	1,266,630	3.69%	139,305		11.00%
Intergovernmental Revenue	9,054,086	24.24%	8,493,204	24.74%	560,882		6.60%
Charges for Services	4,611,212	12.35%	3,873,947	11.28%	737,265		19.03%
Fines, Forfeitures and Penalties	714,051	1.91%	878,245	2.56%	(164,194)		-18.70%
Investment and Rental Income	994,445	2.66%	981,922	2.86%	12,523		1.28%
Miscellaneous Revenues	763,751	2.05%	242,584	0.71%	521,167		214.84%
TOTAL	\$ 37,344,365	100.00%	\$ 34,330,117	100.00%	\$ 3,014,248		8.78%

Factors contributing to material changes in general government revenues from the prior year are provided below:

1. Taxes. Property taxes increased by \$414,978, sales tax by \$471,948, Measure K taxes by \$143,613 along with various increases in other taxes account for a 6.49% increase in taxes.
2. Licenses and permits. The increase of \$139,305 accounts for the continued rise in building permits and business licenses.
3. Intergovernmental revenue. The increase of \$560,882 is primarily due to increase in Motor vehicle in-lieu of \$787,875 offset by a decrease in other intergovernmental revenues.
4. Charges for services. The increase of \$737,265 is mainly due to the increase in development impact fees from new subdivisions.
5. Fines, forfeitures and penalties. The decrease of \$164,194 reflects the effectiveness of the new penalties imposed on delinquent utility accounts. More people are paying their bills on time to avoid the penalty.
6. Miscellaneous revenues. The increase of \$521,167 is due to an increase in the sale of City property of \$193,815, an increase in donations of \$150,000 and reimbursement for work for others of \$105,495.

**Expenditures**

The following table presents a summary of general fund, special revenue funds, capital project funds, expendable trust funds and debt service fund expenditures for the fiscal year ended June 30, 2000, and the increases and decreases in relation to prior year amounts. Current expenditures increased by \$944,066 or 2.71% in 2000 over 1999.

**EXPENDITURES**

	2000		1999		Variance	Variance
	Amount	% of Total	Amount	% of Total	by Amount	by Percent
General Government	\$ 7,812,738	27.86%	\$ 7,238,903	26.93%	\$ 573,835	7.93%
Public Protection	11,430,276	40.76%	11,224,603	41.76%	205,673	1.83%
Public Works	5,038,519	17.97%	5,150,881	19.16%	(112,362)	-2.18%
Library	1,089,971	3.89%	1,032,669	3.84%	57,302	5.55%
Parks and Recreation	2,669,872	9.52%	2,230,233	8.31%	439,639	19.71%
	<u>\$ 28,041,376</u>	<u>100.00%</u>	<u>\$ 26,877,289</u>	<u>100.00%</u>	<u>\$ 1,164,087</u>	<u>4.33%</u>
Capital Outlay	6,420,407		6,640,471		(220,064)	-3.31%
Debt Service	1,282,352		1,282,309		43	0.00%
TOTAL	<u>\$ 35,744,135</u>		<u>\$ 34,800,069</u>		<u>\$ 944,066</u>	<u>2.71%</u>

Factors contributing to material changes in general government expenditures from the prior year are provided below:

1. General government. The increase of \$573,835 is due to overall MOU increase in salaries and benefits of \$306,000 and the increase in professional services for the Impact fee study and the revision of the Zoning Ordinance.
2. Public Protection. The increase of \$205,673 is due to increase in salaries and benefits offset by the decrease in PERS contribution.
3. Parks and Recreation. The increase of \$439,639 is due to the addition of new programs: Healthy Start, Lawrence/Heritage After school program, Camp Lodi Lake. It also includes salary and benefit increases.

**Enterprise Activities**

Enterprise funds are used to finance and account for the acquisition, operation and maintenance of City facilities and services that are entirely or predominantly supported by user charges. Enterprise operations are accounted for in such a manner as to show profit or loss as in comparable private enterprises. At June 30, 2000, the city operated four enterprise funds that include electric, sewer, water, and transit. Total fiscal year operating loss was \$7,957,281 with fund equity ending at \$76,693,938. This represents a 6.83% decrease over fiscal year 1998-99 in total fund equity. Additional enterprise fund financial information can be found in Note 18 of the general purpose financial statements.

**Internal Service Activities**

Internal service funds are used to account for financing goods or services provided by one department or agency to another on a cost reimbursement basis. At June 30, 2000, the City maintained one internal service fund for claims and benefits. The total fiscal year 1999-00 net operating loss before nonoperating revenue and transfers was \$1,141,344 with a retained deficit balance of \$1,296,393. Additional information can be found in Note 16 and 17 of the general purpose financial statements.

**Fiduciary Fund Operations**

The City maintains Expendable Trusts Funds to account for and administer bequests for the Hutchins Street Square/Community Center and the Library. Agency Funds are used to account for and administer the Special Assessment funds.

**INDEPENDENT AUDIT**

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. The accounting firm of KPMG LLP was selected to perform this audit. The independent auditors' report precedes the general purpose financial statements and concludes that the City's general purpose financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles in the United States of America.

**CERTIFICATES OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO), both awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999. These Certificates of Achievement are prestigious national and state awards recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

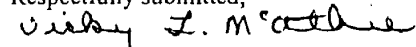
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last seven years (fiscal years ended June 30, 1993, 1994, 1995, 1996, 1997, 1998 and 1999). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA and CSMFO.

#### **ACKNOWLEDGMENTS**

The professionalism, dedication and efficiency of the Finance Department Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to thank Ruby Paiste, Accounting Manager, for her continued attention to detail and proactive approach to meeting future challenges such as GASB 34.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



**Vicky McAthie**

**Finance Director**

# Certificate of Achievement for Excellence in Financial Reporting


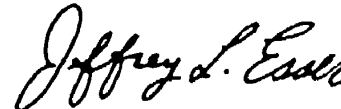
Presented to

City of Lodi,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President  
  
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA)  
Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lodi for this comprehensive annual financial report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 1999 was the 7th year that the City of Lodi received a Certification of Achievement. We believe our current report continues to conform to the program requirements, and we are submitting it to GFOA.

# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 1998-99*

Presented to the

*City of Lodi*



*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

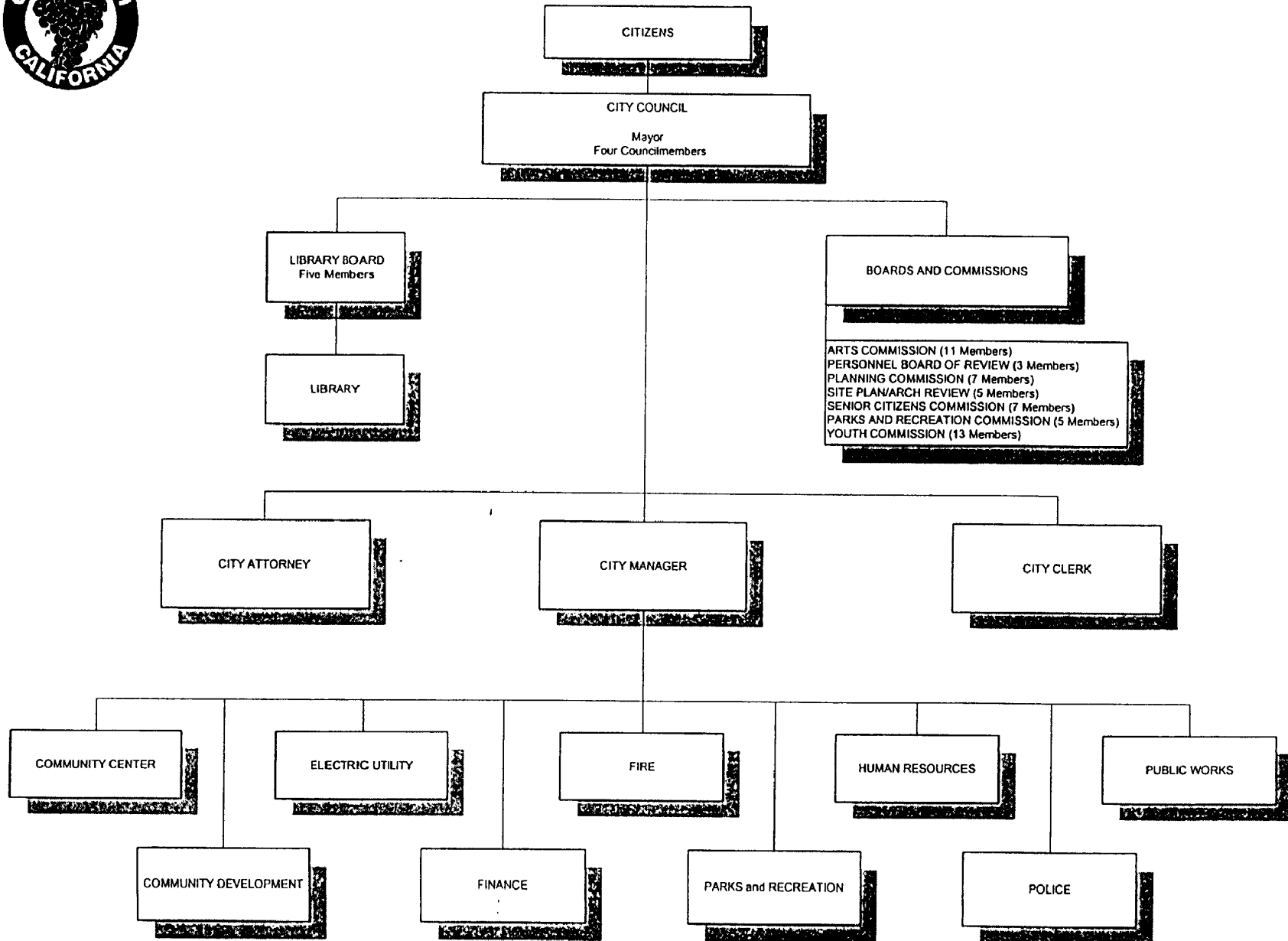
*February 28, 2000*

  
Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



# CITY OF LODI



## DIRECTORY OF OFFICIALS AND ADVISORY BODIES

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### CITY COUNCIL

Stephen J. Mann  
Alan Nakanishi  
Susan Hitchcock  
Keith Land  
Phillip Pennino

Mayor  
Mayor Pro Temp  
Council Member  
Council Member  
Council Member

### ADVISORY BODIES

Library Systems Advisory Board  
Council of Governments (COG) Citizens Advisory Committee  
Lodi Solid Waste Management Task Force  
Lodi Ad Hoc Transportation Committee  
Site Plan and Architectural Review Committee  
Old Lodi Union High School Site Foundation Board  
Lodi Senior Citizens' Commission

Library Board  
Planning Commission  
Recreation Commission  
Lodi Arts Commission  
Personnel Board of Review  
East Side Task Force  
Gang Task Force  
Youth Commission

### PRINCIPAL ADMINISTRATIVE OFFICERS

H. Dixon Flynn  
Randall Hays  
Susan Blackston  
Nancy Martinez  
Vicky McAthie  
Scott Kenley  
Charlene Lange  
Joanne Narloch  
Richard Prima  
Alan Vallow  
Konradt Bartlam  
Larry Hansen  
Ron Williamson

City Manager  
City Attorney  
City Clerk  
Library Services Director  
Finance Director/Treasurer  
Fire Chief  
Community Center Director  
Human Resources Director  
Public Works Director  
Electric Utility Director  
Community Development Director  
Police Chief  
Parks & Recreation Director



FINANCIAL REPORTS  
GENERAL PURPOSE FINANCIAL STATEMENTS

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Three Embarcadero Center  
San Francisco, CA 94111

## Independent Auditors' Report

The Honorable Members of City Council  
City of Lodi, California:

We have audited the accompanying general purpose financial statements of the City of Lodi, California (the City), as of and for the year ended June 30, 2000, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lodi, California as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



The supplementary information listed in the accompanying table of contents reflecting the funding progress relative to the City's portion of the California Public Employees Retirement System on page 43 is not a required part of the basic general purpose financial statements, but is a disclosure required by the Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. We have applied to the schedule of funding progress certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedule.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. The supplemental financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. The schedule of expenditures of federal awards and supplemental financial statements have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements, and, accordingly, we do not express an opinion thereon.

KPMG LLP

October 18, 2000

CITY OF LODI  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 2000

	Governmental Fund Type			Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
<u>Assets and Other Debit</u>									
Cash and investments (note 3)	\$ 3,197,509	3,205,749	5,784,985	21,463,089	2,153,460	1,226,596			\$ 37,031,388
Restricted assets (notes 1 and 3)			1,098	35,992,088					35,993,186
Advance receivables (note 15)		1,084,000		2,372,487					3,456,487
Receivables:									
Accounts	1,878,624	2,173,773	73,000	4,399,576	99,425	1,598			8,625,996
Property taxes (note 4)	58,262		6,539						64,801
Interest	16,816	60,192	56,281	256,121	23,165	4,141			416,716
Due from other funds or governmental agencies (note 8)	155,469	2,738,085	37,283	3,999,345					6,930,182
Inventory	102,705			1,902,068					2,004,773
Deferred financing costs				210,909					210,909
Other assets	68,383			6,163	4,186	3,321			82,053
Fixed assets (note 5)				71,302,129			78,545,927		149,848,056
Other debit:									
Amount to be provided for general long-term obligations			1,085					18,569,285	18,569,285
Total assets and other debit	\$ 5,477,768	9,261,799	5,960,271	141,903,975	2,280,236	1,235,656	78,545,927	18,569,285	\$ 263,234,917

See accompanying notes to general purpose financial statements.

CITY OF LODI  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - continued  
June 30, 2000

	Governmental Fund Type			Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
<u>Liabilities, Fund Equity and Other Credits</u>									
Liabilities:									
Accounts payable and other liabilities	\$ 1,004,507	149,782	49,133	2,052,814		555,574			\$ 3,811,810
Accrued salaries and wages	385,041			114,321					499,362
Accrued interest				1,075,280					1,075,280
Due to other funds or other governmental agencies (note 8)		1,788,579	2,022,226	1,657,437					5,468,242
Accrued compensated absences (note 7)	300,000			958,145				4,683,774	5,941,919
Deferred revenue		1,372,563		884,466					2,257,029
Self-insurance reserve (notes 14 and 16)					3,576,629				3,576,629
Capitalized lease obligations (note 7)								375,511	375,511
Certificates of participation payable, net of discount (note 7)				55,544,269				13,510,000	69,054,269
Water note payable (note 7)				2,923,305					2,923,305
Total liabilities	<u>1,689,548</u>	<u>3,310,924</u>	<u>2,071,359</u>	<u>65,210,037</u>	<u>3,576,629</u>	<u>555,574</u>		<u>18,569,285</u>	<u>94,983,356</u>
Fund Equity :									
Contributed capital (notes 9 and 19)				14,222,636					14,222,636
Investment in general fixed assets							78,545,927		78,545,927
Retained earnings (deficit) (notes 9 and 17)				62,471,302	(1,296,393)				61,174,909
Fund balances: (note 9)									
Reserved for library	178,933								178,933
Reserved for encumbrances	191,851	176,610	377,475						745,936
Reserved for inventory	102,705								102,705
Unreserved-designated		5,774,265	3,511,437			680,082			9,965,784
Unreserved-undesignated	3,314,731								3,314,731
Total fund equity (deficit) and other credits	<u>3,788,220</u>	<u>5,950,875</u>	<u>3,888,912</u>	<u>76,693,938</u>	<u>(1,296,393)</u>	<u>680,082</u>	<u>78,545,927</u>		<u>168,251,561</u>
Commitments and contingent liabilities (notes 6 and 20)									
Total liabilities, fund equity and other credits	<u>\$ 5,477,768</u>	<u>9,261,799</u>	<u>5,960,271</u>	<u>141,903,975</u>	<u>2,280,236</u>	<u>1,235,656</u>	<u>78,545,927</u>	<u>18,569,285</u>	<u>\$ 263,234,917</u>

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
Year ended June 30, 2000

	Governmental Fund Type				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$ 17,573,705	747,630		1,479,550		\$ 19,800,885
Licenses and permits	1,405,935					1,405,935
Intergovernmental revenues	3,748,649	5,175,859		129,578		9,054,086
Charges for services	1,411,163	1,396,494		1,803,555		4,611,212
Fines, forfeits and penalties	714,051					714,051
Investment and rental income	572,239	192,011		217,880	12,315	994,445
Miscellaneous revenue	161,996	104,086		497,669		763,751
Total revenues	25,587,738	7,616,080		4,128,232	12,315	37,344,365
Expenditures:						
Current:						
General government	7,774,589			38,149		7,812,738
Public protection	11,353,514	76,762				11,430,276
Public works	4,493,714	544,805				5,038,519
Library	1,039,971				50,000	1,089,971
Parks and recreation	2,669,872					2,669,872
Capital outlay		4,100,801		2,319,606		6,420,407
Debt service:						
Interest and fiscal charges			777,352			777,352
Principal payments			505,000			505,000
Total expenditures	27,331,660	4,722,368	1,282,352	2,357,755	50,000	35,744,135
Excess (deficiency) of revenues over (under) expenditures	(1,743,922)	2,893,712	(1,282,352)	1,770,477	(37,685)	1,600,230
Other financing sources (uses):						
Operating transfers in (note 10)	3,995,011	1,189,021	1,282,352	3,248,692	33,571	9,748,647
Operating transfers out (note 10)	(1,173,745)	(2,013,493)		(3,942,807)		(7,130,045)
Other					(33,821)	(33,821)
Total other financing sources (uses)	2,821,266	(824,472)	1,282,352	(694,115)	(250)	2,584,781
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,077,344	2,069,240		1,076,362	(37,935)	4,185,011
Fund balance, June 30, 1999	2,710,876	3,881,635		2,812,550	718,017	10,123,078
Fund balance, June 30, 2000	\$ 3,788,220	5,950,875		3,888,912	680,082	\$ 14,308,089

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**  
Year ended June 30, 2000

	General Fund			Special Revenue Funds			Total (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes	\$ 17,155,319	17,573,705	418,386	667,000	747,630	80,630	17,822,319	18,321,335	\$ 499,016
Licenses and permits	1,342,629	1,405,935	63,306				1,342,629	1,405,935	63,306
Intergovernmental revenues	2,805,476	3,748,649	943,173	6,198,071	5,175,859	(1,022,212)	9,003,547	8,924,508	(79,039)
Charges for services	1,387,702	1,411,163	23,461	853,000	1,396,494	543,494	2,240,702	2,807,657	566,955
Fines, forfeits and penalties	948,505	714,051	(234,454)				948,505	714,051	(234,454)
Investment and rental income	550,835	572,239	21,404	172,000	192,011	20,011	722,835	764,250	41,415
Miscellaneous revenue	77,000	161,996	84,996		104,086	104,086	77,000	266,082	189,082
Total revenue	<u>24,267,466</u>	<u>25,587,738</u>	<u>1,320,272</u>	<u>7,890,071</u>	<u>7,616,080</u>	<u>(273,991)</u>	<u>32,157,537</u>	<u>33,203,818</u>	<u>1,046,281</u>
<b>Expenditures:</b>									
Current:									
General government	8,398,034	7,774,589	623,445				8,398,034	7,774,589	623,445
Public protection	11,665,761	11,353,514	312,247	103,969	76,762	27,207	11,769,730	11,430,276	339,454
Public works	4,572,357	4,493,714	78,643	2,361,552	544,805	1,816,747	6,933,909	5,038,519	1,895,390
Library	1,102,085	1,039,971	62,114				1,102,085	1,039,971	62,114
Parks and recreation	2,765,172	2,669,872	95,300				2,765,172	2,669,872	95,300
Capital outlay	-	-	-	6,051,724	4,100,801	1,950,923	6,051,724	4,100,801	1,950,923
Total expenditures	<u>28,503,409</u>	<u>27,331,660</u>	<u>1,171,749</u>	<u>8,517,245</u>	<u>4,722,368</u>	<u>3,794,877</u>	<u>37,020,654</u>	<u>32,054,028</u>	<u>4,966,626</u>
Excess (deficiency) of revenues over (under) expenditures	(4,235,943)	(1,743,922)	2,492,021	(627,174)	2,893,712	3,520,886	(4,863,117)	1,149,790	6,012,907
<b>Other financing sources (uses):</b>									
Operating transfers in	3,995,011	3,995,011		1,189,021	1,189,021		5,184,032	5,184,032	
Operating transfers out	(1,173,745)	(1,173,745)		(2,013,493)	(2,013,493)		(3,187,238)	(3,187,238)	
Total other financing sources (uses)	<u>2,821,266</u>	<u>2,821,266</u>		<u>(824,472)</u>	<u>(824,472)</u>		<u>1,996,794</u>	<u>1,996,794</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,414,677)	1,077,344	2,492,021	(1,451,646)	2,069,240	3,520,886	(2,866,323)	3,146,584	6,012,907
Fund balance, June 30, 1999	<u>2,710,876</u>	<u>2,710,876</u>		<u>3,881,635</u>	<u>3,881,635</u>		<u>6,592,511</u>	<u>6,592,511</u>	
Fund balance, June 30, 2000	<u>\$ 1,296,199</u>	<u>3,788,220</u>	<u>2,492,021</u>	<u>2,429,989</u>	<u>5,950,875</u>	<u>3,520,886</u>	<u>3,726,188</u>	<u>9,739,095</u>	<u>\$ 6,012,907</u>

See accompanying notes to general purpose financial statements.

**CITY OF LODI**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**ALL PROPRIETARY FUND TYPES**  
**Year ended June 30, 2000**

	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Charges for services	\$ 46,277,668	2,439,023	\$ 48,716,691
Operating expenses:			
Personnel services	5,388,889	175,495	5,564,384
Supplies, materials and services	17,283,792	2,664,891	19,948,683
Utilities	29,262,860		29,262,860
Depreciation and amortization	2,299,408		2,299,408
Claims payments		955,716	955,716
Total operating expenses	54,234,949	3,796,102	58,031,051
Operating loss	(7,957,281)	(1,357,079)	(9,314,360)
Nonoperating revenues (expenses):			
Investment income (expenses), net	383,073	135,228	518,301
Rent	187,584		187,584
Fees received from developers	431,428		431,428
Other revenues	3,515,372	80,507	3,595,879
Total nonoperating revenues	4,517,457	215,735	4,733,192
Loss before operating transfers	(3,439,824)	(1,141,344)	(4,581,168)
Operating transfers in (note 10)	1,908,126	1,161,000	3,069,126
Operating transfers out (note 10)	(5,687,728)		(5,687,728)
Total operating transfers	(3,779,602)	1,161,000	(2,618,602)
Net income (loss)	(7,219,426)	19,656	(7,199,770)
Add: Depreciation on contributed assets	514,350		514,350
Net increase (decrease) to retained earnings	(6,705,076)	19,656	(6,685,420)
Retained earnings (deficit), June 30, 1999	69,176,378	(1,316,049)	67,860,329
Retained earnings (deficit), June 30, 2000	62,471,302	(1,296,393)	61,174,909
Contributed capital, June 30, 1999	12,756,356		12,756,356
Depreciation on contributed assets	(514,350)		(514,350)
Contributed assets	1,980,630		1,980,630
Contributed capital, June 30, 2000	14,222,636		14,222,636
Total fund equity (deficit), June 30, 2000 (note 17)	\$ 76,693,938	(1,296,393)	\$ 75,397,545

See accompanying notes to general purpose financial statements.



CITY OF LODI  
COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
Year ended June 30, 2000

	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities:			
Operating loss:	\$ (7,957,281)	(1,357,079)	\$ (9,314,360)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,299,408		2,299,408
Other revenues	3,515,372	80,507	3,595,879
Changes in assets and liabilities:			
Increase in accounts receivables	(1,276,434)	(36,048)	(1,312,482)
Increase in advance receivables	(888,626)		(888,626)
(Increase) decrease in interest receivables	(26,513)	2,456	(24,057)
Decrease in due from other funds	1,040,998		1,040,998
Decrease in inventory	18,459		18,459
(Increase) decrease in other assets	61,012	(3,286)	57,726
Increase (decrease) in accounts payable and other liabilities	789,816	(32,501)	757,315
Decrease in accrued salaries and wages	(180,936)		(180,936)
Increase in accrued interest	704,143		704,143
Increase in due to other funds	246,949		246,949
Decrease in accrued compensated absences	(48,962)		(48,962)
Decrease in deferred revenue	(572,621)		(572,621)
Decrease in self-insurance reserves		(210,415)	(210,415)
Net cash used in operating activities	<u>(2,275,216)</u>	<u>(1,556,366)</u>	<u>(3,831,582)</u>
Cash flows from noncapital financing activities:			
Operating transfers in	1,908,126	1,161,000	3,069,126
Operating transfers out	(5,687,728)		(5,687,728)
Fees received from developers	431,428		431,428
Net cash (used in) provided by non-capital financing activities	<u>(3,348,174)</u>	<u>1,161,000</u>	<u>(2,187,174)</u>
Cash flows from capital financing activities:			
Proceeds from Certificates of Participation	10,731,895		10,731,895
Issuance costs - Certificates of Participation	(834,837)		
Acquisition and construction of capital assets	(4,884,252)		(4,884,252)
Principal payments on debt	(265,119)		(265,119)
Interest payments on debt	(2,098,191)		(2,098,191)
Capital contributed	1,852,074		1,852,074
Net cash provided by capital financing activities	<u>4,501,570</u>		<u>4,501,570</u>
Cash flows from investing activities:			
Rent of City property	187,584		187,584
Interest on investments	2,637,756	135,228	2,772,984
Net cash provided by investing activities	<u>2,825,340</u>	<u>135,228</u>	<u>2,960,568</u>
Net increase (decrease) in cash and cash equivalents	1,703,520	(260,138)	1,443,382
Cash and cash equivalents at beginning of year	<u>19,759,569</u>	<u>2,413,598</u>	<u>22,173,167</u>
Cash and cash equivalents at end of year	<u>\$ 21,463,089</u>	<u>2,153,460</u>	<u>\$ 23,616,549</u>

Noncash Investing, Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$128,556 for the year ended June 30, 2000.

CITY OF LODI  
Notes to General Purpose Financial Statements  
June 30, 2000

**(1) Summary of Significant Accounting Policies**

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

**(a) Reporting Entity**

The City of Lodi is governed by an elected five member council. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility, the 1995 and 1996 Certificates of Participation to finance the Central City Revitalization Projects and the Performing Arts/ Conference Center, and the recent issuance of the 1999 Certificates of Participation to finance the Electric Systems improvements. The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Sewer) Fund and in the Capital Projects Fund in the accompanying general purpose financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. On June 29, 2000, the Lodi Financing Corporation issued Variable rate Certificates of Participation, Series 2000A. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying general purpose financial statements.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(b) Basis of Presentation - Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activity is controlled. The various funds are summarized by type in the general purpose financial statements. The City uses the following fund types and account groups:

**Governmental Fund Types**

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

**General Fund:** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

**Capital Projects Funds:** The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Proprietary Fund Types**

Proprietary Funds are used to account for the City's on-going organizations and activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following are the City's proprietary fund types:

**Enterprise Funds:** Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges;

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise funds have been established for the Electric, Water, Sewer and Transit Divisions of the City.

**Internal Service Funds:** Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units, on a cost-reimbursement basis. Internal Service Funds have been established for the City's Claims and Benefits accounts.

**Fiduciary Fund Types**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

**Agency Funds:** Agency funds are used principally to account for collection of bond proceeds with no governmental obligation and payment of related bond principal and interest. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Expendable Trust Funds:** Expendable Trust Funds are used primarily to account for funds held by the governmental unit in a trustee capacity for individuals, private organizations, other governmental units and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

**General Fixed Assets Account Group:** This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group:** This account group is established to account for all long-term obligations of the City except those accounted for in the proprietary funds.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(c) Basis of Accounting**

Governmental fund types are accounted for by using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Revenues are recorded when they become both measurable and available. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred, except for (a) unmatured interest on general long-term obligations which are recorded when due; and (b) the noncurrent portion of accrued vacation and sick leave, which is recorded in the General Long-Term Obligations Account Group.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual funds are used as guidelines. There are, however, essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Special assessments are recorded as revenue in the year the individual installments are due.

Sales tax revenues collected by the State on behalf of the City are recorded using the modified accrual basis of accounting.

Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash since they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary fund types are accounted for by using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Unbilled service revenue is accrued in proprietary funds.

Fiduciary fund types are accounted for according to the nature of the fund. The City has Agency type funds which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. In addition, the City has Expendable Trust funds that are accounted for in the same manner, as are other governmental funds. All of these funds are accounted for on the modified accrual basis of accounting.

**(d) Proprietary Fund Accounting**

The City has elected under GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to not apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. As

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

required under GASB Statement No. 20, the City will continue to apply all applicable GASB pronouncements as well as Statements of Interpretations of FASB, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

**(c) Deferred Compensation Plans**

The City applies the provisions of Government Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (457 Plans). For 457 Plans in compliance with the 1996 Small Business Job Protection Act, the City neither has custody of the plan assets, nor directs or accounts for the plan investments, therefore, such plans are excluded from the financial statements.

**(f) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Amounts encumbered at year-end are reappropriated in the following year. Encumbrances do not constitute expenditures or liabilities.

**(g) Cash and Investments**

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are stated at fair value. Each fund's portion of this pool is shown on the combined balance sheet as "cash and investments". Investment earnings on the pooled investments, including any changes in fair value are allocated to various funds based on month-end cash balances in accordance with California code section 53647.

**(h) Restricted Assets**

In the Capital Projects Fund, restricted assets relate to the remaining balance of the proceeds of Certificates of Participation held and deposited by the Trustees in a Lease Payment Fund for the 1995 and 1996 Certificates of Participation. In the Enterprise (Electric) Fund, restricted assets represent the proceeds of the 1999 Certificates of Participation held by the trustee for the planned improvements of the city electric systems.

**(i) Advance Receivables**

Advance receivables reported in the Special Revenue Fund represent Community Development Block Grant (CDBG) funds and Home program funds the City loaned to a developer for a low-income housing project. The City will receive principal and interest from the original loan in thirty years and could use it for allowable projects or make new loans.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Advance receivables reported in the Enterprise Fund represent the City's portion of the NCPA's General Operating reserve that is refundable on demand by the City. (See Note 15.)

**(j) Inventory**

General fund inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the Proprietary fund types, inventories are recorded at cost using a method which approximates first in first out (FIFO) and expense is recognized when inventories are consumed in operations.

**(k) General Fixed Assets**

General fixed assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. Capital leases for buildings, improvements and equipment are recorded in the General Fixed Assets Account Group and capital lease payable is recorded in the General Long-Term Obligations Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Improvements considered to be infrastructure such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized as these assets are normally immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

**(l) Fixed Assets - Proprietary Fund Types**

Fixed assets owned by the Proprietary Funds are stated at cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

	<u>Years</u>
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15

Depreciation recognized on contributed fixed assets is charged to contributed capital.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(m) Compensated Absences/Vacation and Sick Leave**

Noncurrent accumulated vacation and vested sick leave benefits for governmental funds are recorded in the General Long-Term Obligations Account Group as a liability and also as an amount to be provided by future operations. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the City if all the benefits were to be paid. The current portion, the amount expected to be paid in the next twelve months, is recorded as a liability of the responsible governmental fund.

Enterprise Funds record vacation and sick leave as an expense and liability when earned by employees.

**(n) Self-Insurance**

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance reserve, which is accounted for as an internal service fund. The accrued liability for estimated self-insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

**(o) Total (Memorandum Only) Columns**

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund eliminations have not been made.

**(p) Statement of Cash Flows**

For purposes of reporting cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased and investments maintained in the pool to be cash equivalents.

**(q) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

(2) **Budgetary Data**

The City adopts an annual budget for the general and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The accompanying financial statements present budget and actual data only of funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for Debt Service Funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the accompanying general purpose financial statements for capital projects and debt service funds.

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying general purpose financial statements:

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Two-year Financial Plan and Budget for two fiscal years commencing July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level. The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

Under a two-year budget, all operating appropriations lapse at the end of the second year except for funds that are encumbered.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

(3) **Cash and Investments and Restricted Cash with Fiscal Agent**

The following is a detailed summary of cash and investments and restricted cash with fiscal agent at June 30, 2000:

Pooled cash and investments:	
Demand deposits	\$ 2,406,844
Certificates of deposit	4,499,678
Investments	<u>29,753,596</u>
Total pooled cash and investments	36,660,118
Library Private Sector Fund:	
Shares of stocks	<u>371,270</u>
Total cash and investments	37,031,388
Restricted cash with fiscal agent	<u>35,993,186</u>
Total cash and investments and restricted cash with fiscal agent	<u>\$ 73,024,574</u>

(a) **Cash**

The City's demand deposits and certificates of deposit at year-end are covered by either federal depository insurance or by collateral held by the custodial bank. The collateral pool of the custodial bank is equal to 110% of the uninsured deposits.

(b) **Investments**

The City has adopted an investment policy pursuant to Government Code Section 53601 which authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, mutual funds and the State of California Local Agency Investment Fund (LAIF). The City is also authorized to enter into reverse repurchase agreements. The City selects its investments based on safety, liquidity and yield. At no time during the year did the City borrow funds through the use of reverse repurchase agreements.

The value of investments in the State of California Local Agency Investment Fund (LAIF) is equal to the fair value of the external investment pool shares.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(c) Restricted Cash with Fiscal Agent**

This represents the balance of the 1995 and 1996 Certificates of Participation held by US Bank and proceeds of the 1999 Electric Utility Certificates of Participation held by Bank of New York.

**(d) Custodial Risk**

In accordance with GASB 3, deposits and investments are classified as to custodial risk by three categories as follows:

**Deposits:**

**Category 1**

Insured or collateralized with securities held by the City or by its agent in the City's name;

**Category 2**

Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name;

**Category 3**

Uncollateralized. (Includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.)

At year-end, the City's carrying amount of deposits was \$2,406,844 and the bank balance was \$2,621,643. Of the bank balance, \$227,708 was covered by federal depository insurance or by collateral held by the City's agent in the City's name. The remaining balance of \$2,393,935 was collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

**Investments:**

**Category 1**

Insured or registered, or securities held by the City or its agent in the City's name;

**Category 2**

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name;

**Category 3**

Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Investments and restricted cash with fiscal agent of the City as of June 30, 2000 are summarized below:

	<u>Category</u> <u>I</u>	<u>Not Subject</u> <u>to Categorization</u>	<u>Carrying</u> <u>Amount</u>
Pooled investments:			
U.S. Treasury Notes	\$ 1,000,000		\$ 1,000,000
Federal Agency Issues			
Federal Home Loan Mortgage	11,449,520		11,449,520
General Electric Medium Term Note	984,065		984,065
State of California			
Local Agency Investment Fund (LAIF)		16,320,011	16,320,011
Total pooled investments	<u>13,433,585</u>	<u>16,320,011</u>	<u>29,753,596</u>
Investments held in trust:			
Shares of stocks	371,270		371,270
Restricted cash with fiscal agent		<u>35,993,186</u>	<u>35,993,186</u>
Total investments	<u>\$ 13,804,855</u>	<u>52,313,197</u>	<u>\$ 66,118,052</u>

The custodial risk level indicated above is generally reflective of the risk assumed by the City during the year ended June 30, 2000.

The LAIF is a special fund of the California State Treasury through which local governments pool investments. Each governmental agency may invest up to \$20,000,000 per account in LAIF. The City maintains two LAIF accounts. Investments in LAIF are highly liquid, as deposits can be converted into cash within twenty-four hours without loss of interest. Investments in LAIF are secured by the full faith and credit of the State of California.

Information is not available to the City to assess the amount, if any, of LAIF invested by trustees in derivatives.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

(4) **Property Taxes**

San Joaquin County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is lien based on the assessed value listed as of the prior March 1st for all real and personal property located in the City. Property sold after the assessment date (March 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at March 1, 1999, upon which the 1999 levy was based, was \$2,874,167,000.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31 and becomes delinquent on August 31.

Property taxes levied for the year ended June 30, 2000, are recorded as receivables, net of estimated uncollectible amounts. Property taxes paid to the City by the County within 60 days of the fiscal year end are considered "available" and are, therefore, recognized as revenue.

In 1993, the City made an agreement with the San Joaquin County to participate in the Teeter Plan. The Teeter plan is an alternative method of apportioning property tax money. The cities receive 95% of the property taxes in advance from the County and the 5% remaining after reconciling the cities' balances at June 30. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes.

(5) **Fixed Assets**

Fixed assets owned by the City are either recorded in the General Fixed Assets Account Group or in the Proprietary Fund types. Activity for the year ended June 30, 2000, consists of the following:

General Fixed Assets	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Land	\$ 18,660,423	645,207	(193,815)	\$ 19,111,815
Buildings and improvements	24,015,010			24,015,010
Machinery and equipment	4,023,378	575,146		4,598,524
Vehicles	4,135,263	185,164		4,320,427
Construction in progress	25,074,956	599,204	(16,531)	25,657,629
Capital lease assets	955,351		(112,829)	842,522
<b>Total</b>	<b>\$ 76,864,381</b>	<b>2,004,721</b>	<b>(323,175)</b>	<b>\$ 78,545,927</b>

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Enterprise Funds

Land	\$	5,125,287		\$	5,125,287
Buildings and improvements		23,321,734			23,321,734
Machinery and equipment		58,065,588	2,124,428		60,190,016
Vehicles		2,688,200	305,560		2,993,760
Construction in progress		5,176,526	2,584,361		7,760,887
Subtotal		94,377,335	5,014,349		99,391,684
Less accumulated depreciation		(25,830,074)	(2,259,481)		(28,089,555)
Net enterprise funds fixed assets	\$	<u>68,547,261</u>	<u>2,754,868</u>	\$	<u>71,302,129</u>

(6) **Operating Leases**

The City is obligated under various operating leases for the use of buildings and office space. Future minimum lease payments required by lease agreements that has initial or remaining noncancellable lease terms of one year or more as of June 30, 2000, are as follows:

<u>Fiscal Years Ending</u>	
2001	\$ 96,893
2002	82,893
2003	18,000
2004	<u>18,000</u>
Total minimum lease payments required under operating leases	\$ <u>215,786</u>

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

(7) Long-Term Obligations and Capitalized Lease Obligations

The following is a summary of debt transactions of the City for the year ended June 30, 2000:

	Interest Rates	June 30, 1999	Additions	Retirements	June 30, 2000
<b>General Long-Term Obligations Account group:</b>					
Compensated absences		\$ 4,581,400	102,374		\$ 4,683,774
1995 Certificates of Participation	5.10-5.9%	4,525,000		170,000	4,355,000
1996 Certificates of Participation	5.10-5.9%	9,490,000		335,000	9,155,000
<b>Capitalized lease obligations:</b>					
IBM Corporation	7.40%	9,724		9,724	-
IBM Corporation	6.12%	118,346		46,668	71,678
West America Bank	5.39%	370,425		66,592	303,833
		498,495		122,984	375,511
Total General Long-Term Obligations Account Group		\$ 19,094,895	102,374	627,984	\$ 18,569,285
<b>Enterprise Funds:</b>					
California Safe Drinking Water Note Payable	3.41%	\$ 2,891,932	156,491	125,118	\$ 2,923,305
1991 Certificates of Participation, net of \$383,602 discount	4.50 - 6.60%	9,761,923		125,525	9,636,398
1999 Certificates of Participation, net of \$549,812 discount	5.0 - 5.75%		43,407,871		43,407,871
2000 Environmental Abatement Certificates of Participation			2,500,000		2,500,000
Total Enterprise Funds		\$ 12,653,855	46,064,362	250,643	\$ 58,467,574

Long-term debt payable at June 30, 2000, comprised the following individual issues:

**California Safe Drinking Water Note Payable**

The City entered into a contract on October 16, 1991, with the State of California Department of Water Resources to assist the City in financing the construction of water wells enabling the City to meet safe drinking water standards established by the State. The note is secured by the project and a pledge of user fees collected by the Water Enterprise Fund. Semiannual payments of \$114,006, are payable each October 1 and April 1 through 2016.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**Certificates of Participation**

\$11,170,000 Certificates of Participation (1991 Wastewater Treatment Plant Expansion Refunding Project), were sold in December 1991 to refinance the 1988 Wastewater Treatment Plant Expansion Project at a lower interest rate with approximately \$1,400,000 of additional proceeds. Principal is payable annually on August 1 in amounts from \$100,000 to \$760,000 with final payment due August 1, 2026.

\$5,000,000 Certificates of Participation (1995 COP), were sold in October 1995 to finance the City Downtown Revitalization and the Cherokee Lane Beautification projects. Principal is payable annually on October 1 in amounts from \$150,000 to \$300,000 with final payment due October 1, 2015.

\$10,120,000 Certificates of Participation (1996 COP), were sold in August 1996 to finance the construction of the Hutchins Street Square Conference and Performing Arts Center. Principal is payable annually on October 1 in amounts from \$310,000 to \$605,000 with final payment due October 1, 2016.

\$25,310,000 1999 Series A and \$18,647,683 1999 Series B Revenue Certificates of Participation were sold on August 18, 1999, to provide funds to finance the costs of certain improvements to the distribution and transmission facilities of the City's Electric System. Principal is payable in amounts of \$625,000 to \$945,000 for Series A beginning January 15, 2015 with final payment in January 15, 2032. Series B principal payments ranges from \$1.553 million to \$ 1.274 million with final payment on January 15, 2032. These certificates were issued with variable interest rates hence the City entered into an agreement that allows Salomon Brothers Holding Company to enter into fixed interest rate swap when the market is favorable.

\$2,500,000 Variable rate Certificates of Participation were issued on June 29, 2000, for the Environmental Abatement Program. Repayment of the bonds is contingent upon litigation settlements.

The annual principal and interest requirements to amortize all debt outstanding as of June 30, 2000, are as follows:

Year Ending June 30,	Water Note Payable		1991 Certificates of Participation		1995 Certificates of Participation		1996 Certificates of Participation		1999 Certificates of Participation		Grand Total Principal & Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2001	\$ 129,422	98,590	145,000	658,070	180,000	247,201	350,000	498,515	1,391,435		\$ 3,698,233
2002	133,872	94,140	150,000	648,920	190,000	238,411	365,000	481,796	1,391,435		3,693,574
2003	138,476	89,536	160,000	639,000	195,000	229,074	380,000	463,818	1,391,435		3,686,339
2004	143,239	84,773	175,000	627,975	205,000	219,171	400,000	444,508	1,391,435		3,691,101
2005	148,165	79,848	185,000	616,135	215,000	208,564	420,000	423,798	1,391,435		3,687,945
Thereafter	2,230,131	662,508	9,205,000	8,022,705	3,370,000	1,272,789	7,240,000	2,802,208	43,957,683	71,761,953	150,524,977
	<u>\$ 2,923,305</u>	<u>1,109,395</u>	<u>10,020,000</u>	<u>11,212,805</u>	<u>4,355,000</u>	<u>2,415,210</u>	<u>9,155,000</u>	<u>5,114,643</u>	<u>43,957,683</u>	<u>78,719,128</u>	<u>\$ 168,982,169</u>



CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

The present value of future minimum capital lease payments as of June 30, 2000, are as follows:

<u>Fiscal Years Ending</u>	
2001	\$ 136,861
2002	113,525
2003	86,576
2004	86,168
Total minimum lease payments	<u>423,130</u>
Less amounts representing interest	(47,619)
Present value of minimum capital lease payments	<u><u>\$ 375,511</u></u>

**Special Assessment District Debt**

In accordance with the Governmental Accounting Standards Board Statement No. 6, special assessment districts "Industrial Way and Beckman Road" debt service for which the City has no governmental commitment is recorded in an Agency Fund. These bonds were issued under the Improvement Act of 1911 during 1979 and mature in the year 2000. The City is not obligated in any manner in the event of default on the debt.

The City has also issued limited obligation improvement bonds on July 22, 1996, for the "Lodi Central City Revitalization Assessment District." These bonds have no governmental commitment and debt service is recorded in an Agency Fund. These bonds were issued under the Improvement Act of 1915 and will mature in the year 2011. The City's liability in the event of delinquent assessment shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2000, is \$1,615,000.

**Industrial Development Bonds**

The City of Lodi has lent its name to the City of Lodi Industrial Development Authority for the purpose of issuing the following industrial development bonds: Minton Corporation \$5,000,000; Dart Corporation \$8,000,000; and Wallace Computer Services \$3,000,000. These bonds are special obligation bonds only, payable solely out of the bond revenues or other sources of the above companies and are not a pledge of the general credit of the City. The City is not obligated for the redemption or administration of these industrial development bonds.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

(8) **Due To/From Other Funds or Governmental Agencies**

Individual fund interfund receivable and payable balances, as well as amounts due from other government agencies, by fund type at June 30, 2000, are as follows:

<u>Fund</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Government Agencies</u>	<u>Due From Other Government Agencies</u>
General Fund:				
County of San Joaquin - grant	\$	\$	\$	\$ 53,322
CHP Patrol				2,147
Capital outlay reserve		100,000		
Sub Total General Fund		100,000		55,469
Special Revenue Funds:				
Community Development Block Grant/Home Program	1,007,113			1,038,590
Transportation Fund	45,030			
Police Special Revenue Fund				8,158
Streets Fund		1,052,143	736,436	16,244
Federal-Streets grant				622,950
Sub Total Special Revenue Funds	1,052,143	1,052,143	736,436	1,685,942
Capital Projects Funds:				
Hutchins Street Capital	73,000			
Capital outlay reserve	1,949,226	16,520		20,763
Sub Total Capital Projects Funds	2,022,226	16,520		20,763
Enterprise Funds:				
Electric fund		3,496,663		
Sewer fund		42,773		
Water fund		23,706		
Transit Fund	1,657,437			436,202
Sub Total Enterprise Funds	1,657,437	3,563,143		436,202
Total	\$ 4,731,806	\$ 4,731,806	\$ 736,436	\$ 2,198,376

Amounts due to other funds from the Community Development Block Grants, Transportation and Transit funds represent interfund payable/receivable for overdraws of their share of the pooled cash account. Amounts due from other government agencies represent expenditures made by the City for various grant programs not

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

reimbursed by the State of California or Federal Government prior to June 30, 2000. Due to other government agencies represent a loan from the San Joaquin County Council of Governments for the Hi-way 99 and Hi-way 12 Interchange project.

**(9) Nature and Purpose of Reported Fund Equity**

The following is a summary of restricted, reserved, unreserved-designated and unreserved undesignated fund balances and/or retained earnings at June 30, 2000:

	Governmental Fund Types					Trust & Agency	Total
	General	Special Revenue	Capital Projects	Enterprise	Internal Service		
Reserved for:							
Library	\$ 178,933						\$ 178,933
Encumbrances	191,851	176,610	377,475				745,936
Inventory	102,705						102,705
Total Reserved	473,489	176,610	377,475				1,027,574
Unreserved-Designated for:							
Specific projects and programs		5,774,265	3,511,437			680,082	9,965,784
Total Designated		5,774,265	3,511,437			680,082	9,965,784
Unreserved - Undesignated Fund Balance	3,314,731						3,314,731
Retained earnings (deficit)				62,471,303	(1,296,393)		61,174,910
Contributed Capital				14,222,636			14,222,636
Total Fund Balances/Retained earnings (deficit)	\$ 3,788,220	5,950,875	3,888,912	76,693,939	(1,296,393)	680,082	\$ 89,705,635

**Reserved Fund Balance and/or Retained Earnings**

Reserved represents that portion that is legally segregated for specific purposes and is not available for discretionary appropriation.

**Unreserved-Designated Fund Balance**

Designated represents that portion for which the City has made tentative plans.

**Unreserved-Undesignated Fund Balance**

Undesignated represents that portion which is available for budgeting in future periods.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(10) Operating Transfers**

Total operating transfers by fund for the year ended June 30, 2000, were as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 3,995,011	\$ 1,173,745
Special Revenue Funds	1,189,021	2,013,493
Debt Service Fund	1,282,352	.
Capital Projects Funds	3,248,692	3,942,807
Enterprise Funds	1,908,126	5,687,728
Internal Service Funds	1,161,000	
Expendable Trust Fund	33,571	
	<u>\$ 12,817,773</u>	<u>\$ 12,817,773</u>

**(11) Defined Benefit Pension Plan**

**(a) Plan Description**

The City of Lodi contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office- 400 P Street, Sacramento, CA 95814.

**(a) Funding policy**

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 0.0% for miscellaneous employees, 0.0% for fire employees and 0.613% for police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(b) Annual Pension Cost**

For fiscal 2000, the City's annual pension cost of \$66,012 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1997, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses) (b) projected annual salary increases that vary by age, length of service, and type of employment, and (c) 3.75% payroll growth. The actuarial value of PERS assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis.

**(d) Trend Information**

Three-Year Trend information (\$ Amounts in Thousands):

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/98	\$ 857	100%	\$0
6/30/99	583	100%	\$0
6/30/00	66	100%	\$0

**(13) Post-Retirement Health Care Benefits**

The City provides no post-employment benefits for its employees. However, employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to establish an individual medical insurance account. Depending on the bargaining unit of the employee, the value of the insurance account shall be determined by the following options:

**a) Option I (available to Management and Mid-management Employees only)**

The number of accumulated hours shall be reduced by 16-2/3% and the remaining balance converted into days. The days are then multiplied by the current monthly premium being paid for the employee and, if applicable, his/her dependents. Fifty percent of that amount will be placed into an account to be used by the City to pay medical insurance premiums for the employee and, if applicable, his/her dependents. For each year of employment over ten years, 2.5% will be added to the 50% used in determining the account amount. Total premiums shall be paid from the account until its depletion, at which time the benefit ceases.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**b) Option II (available to all employees)**

Calculation is the same as Option I except that any increase in premiums must be paid by the employee.

**c) Option III (available to all employees)**

A retiring employee will be able to choose a cash pay-off of accumulated sick leave at the rate of 30% of base pay per hour.

**(14) Claims and Benefits**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured up to certain limits for certain losses as discussed in the following paragraphs for which reserves are recorded in the Internal Service Fund.

The City is self-insured for general liability up to the first \$500,000 per occurrence with claims from \$500,000 to \$15,000,000 per occurrence and in the aggregate insured through the California Joint Powers Risk Management Authority. (See note 16)

The City is self-insured for workers' compensation up to the first \$250,000 per claim. Any claims of 250,000 up to California Statutory Limits are covered under a purchased policy through the membership with the Local Agency Workers' Compensation Excess Joint Powers Authority. (See note 16)

The City is fully self-insured for dental, unemployment and long-term disability for its employees.

General liability and workers' compensation claims are administered by an outside agency and all other claims are administered by the City.

The City has accrued a liability of \$3,576,629 at June 30, 2000, for all self-insured claims in the Internal Service Fund that includes an amount for incurred but not reported claims. The reserve amount is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The self-insurance reserve as of June 30, 2000, has been determined by the City based on recommendations from an independent actuarial valuation. In the opinion of the City, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Changes in the self-insurance reserve for fiscal years ended June 30, 2000 and 1999, are as follows:

	<u>Beginning</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
FY 98-99	\$ 3,787,044	1,187,173	(1,187,173)	\$ 3,787,044
FY 99-00	\$ 3,787,044	1,000,299	(1,210,714)	\$ 3,576,629

(15) **Participation in Joint Ventures**

**Northern California Power Agency**

The City, along with fourteen other public agencies, is a member of the Northern California Power Agency (NCPA) which was formed in 1968 as a joint powers agency. Its membership consists of eleven cities with publicly-owned electric utility distribution systems, one irrigation district, one shipping port, one public utility district and one associate member, a rural electric cooperative. NCPA is generally empowered to purchase, generate, transmit distribute and sell electric energy. Members participate in the projects of NCPA on an elective basis. Therefore, the participation percentage varies for each project.

A commission comprising one representative from each member organization governs NCPA. The commission is responsible for the general management of the affairs, property and business of NCPA. Under the direction of the general manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA and its associated power corporations.

Project Financing and Construction

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each Project Participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

General Operating Reserve with NCPA

Members of NCPA established a general operating reserve in 1992 for the purposes of providing a vehicle to fund reasonably foreseeable contingent liabilities. It was set up primarily to provide the following advantages: minimizes the number and dollar amount of reserve that might otherwise be funded separately in connection with NCPA's individually financed operating plants, projects and programs; provides each member with flexibility and unilateral control over the determination of what they will fund, how they will fund it and what expenditures from the reserve will be made on their individual behalf. It provides funding for contingent liabilities that are not budgeted but that may require significant future expenditures. The reserve is segregated by participant and is refundable on demand by the participant.

As of June 30, 2000, the City's balance in the NCPA General Operating Reserve, which has been credited with annual interest earnings and settlements, is approximately \$2.4 million.

Project Participation

The NCPA members and their percentage share at June 30, 2000, which is the most recent available data, are as follows:

	<u>Geothermal Project</u>	<u>Hydro Electric Project</u>	<u>Combustion Turbine Project #1</u>	<u>Multiple Capital Facilities</u>	<u>Transmission Project</u>
Alameda	16.8825	10.00	13.092	19.00	30.3590
Biggs	0.1225				0.4082
Gridley	0.2360				0.7103
Healdsburg	2.9465	1.66	3.500		6.6068
Lodi	9.9620	10.37	34.780	39.50	18.4861
Lompoc	3.6810	2.30	3.500	5.00	6.6194
Palo Alto		22.92			11.0736
Plumas-Sierra Rural Electric Cooperative	0.4920	1.69	1.090		1.4647
Roseville	3.9785	12.00	13.584	36.50	14.1756
Santa Clara	44.3905	37.02	25.000		
Turlock Irrigation District	12.8940				
Ukiah	4.4145	2.04	5.454		10.0963



CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Truckee-Donner Public Utility District, a member since 1989, obtains its power and dispatch services from Sierra Pacific Power, but relies on NCPA for legislative representation and other utility services.

Bulk power purchased by the City through NCPA amounted to \$27,722,088 during the year ended June 30, 2000 and is reflected in utilities expense in the enterprise fund.

NCPA Geothermal Project

A purchase power agreement with NCPA obligates the City for a 9.96% share of the operating costs and debt service of two of NCPA's 110 megawatt steam powered plants, Project Number 2 and Project Number 3. Outstanding long-term debt related to this project was approximately \$415 million at June 30, 1999.

As a result of high plant generation of NCPA and others in the same area, the Geothermal Project experienced greater than anticipated declines in steam production on its leasehold properties and the unit cost of the geothermal power is higher than originally planned. NCPA has taken several other steps to further slow the decline of the steam field. In April 1996, the conversion of one turbine unit to low pressure operation was completed and the Southeast Geysers Effluent pipeline Project is in operation. Based on current protocol and forecasted operation of these enhancements, NCPA now expects to maintain an annual average generation level from the Project better than 150 megawatts through the year 2000.

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA has also the option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval.

Under a power purchase agreement the City is obligated to pay 10.37% of the debt service and operating costs. At June 30, 1999, approximately \$547 million in long-term debt used to finance this project was outstanding.

NCPA Combustion Turbine Project

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities, began full commercial operation in June 1986, providing reserve and peak power. Under the NCPA power agreement, the City is obligated to pay 34.78% of the debt service and operating costs. At June 30, 1999 approximately \$43 million in long-term debt was outstanding.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Transmission Project

The project was undertaken to meet certain obligations of NCPA under the NCPA/PG & E Interconnection Agreement. The project includes an ownership interest in PG & E's 230kv Castle Rock to Lakeville Substation Transmission Line in Sonoma County, additional firm transmission rights in that Transmission Line, and a central scheduling and dispatch facility in service at the NCPA headquarters in Roseville, California. At June 30, 1999, approximately \$10 million in long-term debt was outstanding.

Multiple-Capital Facilities Project

The Project consists of two separate components: (1) A 49.9 megawatt combustion turbine, "Unit One", located in Lodi, California and owned and operated by the NCPA; (2) Improvements to the electric system owned and operated by the City of Lodi. Each of these components is supported by separate and unrelated member participation agreements.

Under a power purchase agreement, the City is obligated to pay 39.5% of the debt service and operating costs. At June 30, 1999, approximately \$147 million in long-term debt was outstanding.

The following are the most recent available audited condensed financial statements of NCPA:

<b>Combined Balance Sheet</b>			
<b>June 30, 1999</b>			
<b>Assets</b>		<b>Liabilities and Capitalization</b>	
Current assets	\$ 43,177,000	Current portion of long-term debt	\$ 57,595,000
Restricted assets	285,755,000	Other current liabilities	90,436,000
Electric plant, net	619,441,000	Other liabilities and deferred credits	32,954,000
Other assets and deferred charges	357,731,000	Long-term debt	1,104,589,000
		Accumulated net revenues	20,530,000
Total assets	<u>\$ 1,306,104,000</u>	Total liabilities and capitalization	<u>\$ 1,306,104,000</u>

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Combined Statement of Revenue and Expenses	
Year ended June 30, 1999	
Sales to participants for resale	\$ 176,067,000
Operating expenses	(103,351,000)
Other revenues (expenses)	1,164,000
Future recoverable costs	(54,014,000)
Net revenues before refunds	19,866,000
Refunds to participants	(25,681,000)
Net revenues	(5,815,000)
Accumulated net revenues, beginning of year	26,345,000
Accumulated net revenues, end of year	\$ 20,530,000

Combined Statement of Cash Flows	
Year ended June 30, 1999	
Net cash provided by operating activities	\$ 135,962,000
Net cash provided by investing activities	24,322,000
Net cash used in capital and related financing activities	(226,591,000)
Net cash used in noncapital and related financing activities	3,845,000
Increase in cash and cash equivalents	(62,462,000)
Cash and cash equivalents beginning of year	139,172,000
Cash and cash equivalents end of year	\$ 76,710,000

At June 30, 1999, NCPA's total outstanding long-term debt was \$1,162,184,000 at an average interest rate of 6.5%. The current portion of long-term debt at June 30, 1999, was \$57,595,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency  
180 Cirby Way  
Roseville, CA 95678

**Transmission Agency of Northern California**

The Transmission Agency of Northern California (TANC) was organized under the California Government Code pursuant to a joint powers agreement entered into by fifteen Northern California utilities including the City of Lodi. The purpose of TANC is to provide electric transmission or other facilities for the use of its members through its authority to acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro rata share of the costs to operate TANC and has the right to participate in future project agreements. The joint power agreement remains in effect until debt obligations and interest thereon have been paid, unless otherwise extended by the members.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

California-Oregon Transmission Project

TANC is a participant and also the Project Manager of the California-Oregon Transmission Project (Project), a 339-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. As a Project Manager, TANC is responsible for the overall direction and coordination of all project development, construction work, operations and maintenance and for general and administrative support. The project was declared commercially operable on March 24, 1993 and provides a third transmission path or "intertie", between the electric systems of the Pacific Northwest and those in California. The major environmental requirements for the Project have been successfully met and completed.

In connection with its participation in the Project, TANC has an entitlement percentage in Project transfer capability and construction cost sharing of 85.2557%. TANC has incurred costs for Project construction of approximately \$432.8 million as of June 30, 1999. These costs have been capitalized by TANC since they are expected to be recovered through reimbursement from Project participants and the successful operation of the Project's transmission lines. The Project agreement among the participating members provides that each member agrees to make payments, from its revenues, to TANC for Project costs incurred and for the payment of debt service.

Under the TANC joint powers agreement, the City is obligated to pay 1.89% of its debt service and operating costs. At June 30, 1999, approximately \$444 million in long-term debt was outstanding of which \$68.5 million is considered current.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

The following are the most recent available audited condensed financial statements of TANC:

<b>BALANCE SHEET</b> <b>June 30, 1999</b>		<b>STATEMENT OF INCOME</b> <b>For the Year Ended June 30, 1999</b>	
<b>Assets</b>		<b>Revenues:</b>	
Electric Utility Plant, net	\$ 375,317,015	Operating revenues	\$ 43,852,234
Restricted Assets	45,100,494	Interest income	3,709,211
Current Assets	5,814,533	Total revenues	<u>\$ 47,561,445</u>
Noncurrent assets and deferred charges	49,396,291		
Total Assets	<u>\$ 475,628,333</u>	<b>Costs and expenses</b>	
<b>Capitalization and liabilities</b>		General and other operating costs	\$ 9,850,134
Total members' equity	547,928	Interest and other financing costs	27,026,878
Long-term debt	375,777,359	Depreciation and amortization	10,650,332
Total capitalization	<u>376,325,287</u>	Total costs and expenses	<u>47,527,344</u>
Current liabilities	87,186,662	Net income	<u>\$ 34,101</u>
Noncurrent liability and deferred credit	12,116,384		
Total capitalization and liabilities	<u>\$ 475,628,333</u>		

Complete financial information for TANC may be obtained at the following administration office:  
Transmission Agency of Northern California  
3100 Zinfandel Drive, Suite 600  
Sacramento, CA 95670

**16) Membership in Insurance Pools**

**California Joint Powers Risk Management Authority**

The City is a member, along with 23 other public agencies, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined retrospectively five years after the end of the current program year. The City periodically pays deposits to the CJPRMA. These deposits are recorded as expenditures in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2000, deposits of \$189,089 were paid to CJPRMA.

The most recent condensed audited financial information of CJPRMA as of June 30, 1999 follows:

<b>Balance Sheet</b>		<b>Statement of Revenues, Expenses and Retained Earnings</b>	
<b>June 30, 1999</b>		<b>Year Ended June 30, 1999</b>	
Total Assets, primarily investments	\$ 58,520,365	Total Revenues	\$ 9,853,302
Liabilities		Total Expenses	(15,640,470)
Reserve for losses, Liability program	\$ 36,802,087	Operating Income	(5,787,168)
Reserve for losses, Workers' Compensation program	57,670		
Claims Payable	1,586,289	Investment Income	2,397,536
Accrued liabilities	8,920	Net Income	(3,389,632)
Total liabilities	38,454,966		
Fund Equity		Retained Earnings, beginning of year	28,896,328
Retained earnings	20,065,399	Refunds to members	(5,441,297)
Total Liabilities and Equity	\$ 58,520,365	Retained earnings, end of year	\$ 20,065,399

The participants and their percentage shares at June 30, 1999, are as follows: City of Alameda 3.68%, CCCMRMIA 4.96%, Chico 1.62%, Central San Joaquin Valley Risk Management Authority 14.99%, Fairfield 2.91%, Fremont 6.16%, Livermore 2.50%, Lodi 2.20%, Manteca 1.47%, NCCSIF 2.79%, Petaluma 1.70%, Redding 3.93%, Redwood Empire Municipal Insurance Fund 5.71%, Roseville 3.30%, San Leandro 2.99%, San Rafael 2.54%, Santa Barbara Area Joint Powers Insurance Authority 0.72%, Santa Rosa 5.50%, Small Cities Organized Risk Effort 2.0%, Stockton 7.84 %, Sunnyvale 6.23%, Vacaville 2.17%, Vallejo 3.33%, and Yolo County Public Agencies Risk Management Insurance Authority 8.76%.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**Local Agency Workers' Compensation Excess Joint Powers Authority**

The City, along with 30 other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. All members are self-insured up to \$250,000 per occurrence.

LAWCX members pool resources to pay claims from \$250,000 to \$500,000 per occurrence and then use group purchasing power to obtain excess coverage through a commercial insurance company up to statutory limits.

The most recent condensed audited financial statement information of LAWCX follows:

<b>Balance Sheet</b>		<b>Statement of Revenues, Expenses and Retained Earnings</b>	
<b>June 30, 1999</b>		<b>Year Ended June 30, 1999</b>	
Total Assets, primarily investments	\$ 3,526,300	Total Revenues	\$ 1,189,258
Liabilities:		Total Expenses	(2,600,294)
Accounts Payable	\$ 19,981	Net Income	(1,411,036)
Unallocated Loss Adjustment	195,211	Retained Earnings, beginning of year	817,923
Claims Reserve	2,343,634		
Claim Incurred But Not Reported	1,560,587	Retained earnings, end of year	\$ (593,113)
Total liabilities	4,119,413		
Retained Earnings:			
Contingency Margin	(1,448,375)		
Capital Contributions	855,262		
Total Retained Earnings	(593,113)		
Total Liabilities and Equity	\$ 3,526,300		

The City paid \$37,818 in deposits to LAWCX during the fiscal year ended June 30, 2000.

The participants and their percentage shares at June 30, 1999 are as follows: City of Alameda 4.21%, Albany 0.67%, ACWA/JPIA 12.67%, Central San Joaquin Valley Risk Mgmt Authority 16.46%, Clovis 1.28%, Coachella Valley Joint Power Insurance Authority 8.07%, Desert Hot Springs 0.03%, East Bay Regional Park District 3.06%, Emeryville 1.09%, Fremont 6.50%, Livermore 2.62%, Lodi 2.48%, Merced 1.72%, Los Gatos 0.40%, Morgan Hill 0.71%, Newark 0.92%, Pacific Grove 0.19%, Palm Springs 2.60%, PARDEC 4.65%, PARSAC 6.38%, Piedmont 0.67%, Rialto 0.47%, Roseville 4.20%, SDWCA

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

4.28%, Small Cities Org. Risk Effort (SCORE) 1.31%, South Lake Tahoe 0.25%, Sunline Transit Agency 0.12%, Union City 1.51%, Vacaville 3.27%, Vallejo 4.67% and Vector Control JPA 2.54%.

**California Transit Insurance Pool**

The City, along with 27 other public agencies is a member of California Transit Insurance Pool (CalTIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

Liability protection coverage is provided under two programs:

Program I applies to member properties with a pre-funded deductible or a self-insured retention of less than \$100,000 per occurrence. Under this program, claims administration services are provided by CalTIP's claim administrator.

Program II applies to all member properties with self-insured retention of \$100,000 or greater per occurrence. Under this program, claims administration services are performed at the discretion of the member agency, subject to CalTIP bylaws.

CalTIP is responsible for funding member claims in excess of applicable self-insured retention from the self-insurance pool limit of \$500,000. Claims in excess of the pool limit are covered by overlying insurance purchased by CalTIP, covering all member agencies up to \$5 million. Claims in excess of \$5 million are covered by additional overlying insurance up to a \$10 million limit for certain member agencies, at the option and expense of those agencies.



CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

The schedule below reflects the liability protection coverage at April 30, 1999, which is the most recent available data, for each of CalTIP's member agencies:

<u>Agency</u>	<u>Program</u>	<u>Self-Insured Retention</u>	<u>Limit (in millions)</u>
Arcata Mad River Transit System	I	\$ Prefunded	\$ 10
City of Azusa Transit System	I	25,000	10
Butte County Transit System	I	25,000	10
Central Contra Costa Transit Authority	I	25,000	10
Culver City Municipal Bus Lines	II	250,000	5
City of Dixon Transit System	I	Prefunded	10
El Dorado County Transit	I	Prefunded	10
City of Folsom Transit System	II	250,000	5
Humbolt Transit	I	Prefunded	5
City of Lincoln Transit System	II	250,000	5
City of Lodi Transit System	I	Prefunded	5
Mendocino Transit Authority	I	25,000	5
Monterey-Salinas Transit	II	100,000	5
Morongo Basin Transit Authority	I	Prefunded	5
Napa Valley City Bus	I	Prefunded	5
Nevada County Transit District	I	Prefunded	5
Placer County Transit	II	100,000	10
Riverside Transit Agency	I	25,000	10
Santa Cruz Metropolitan Transit District	II	100,000	10
Santa Rosa County Transit	II	100,000	10
Siskiyou County Transit	I	Prefunded	10
San Luis Obispo Regional Transit Authority	I	Prefunded	10
South Coast Area Transit	I	Prefunded	10
City of Vacaville	I	Prefunded	10
Vallejo Transit Lines	I	25,000	10
Western Contra Costa County Transit Authority	I	Prefunded	10
City of Whittier Transit System	II	100,000	10
Yolo County Transit Authority	I	Prefunded	10

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

The most recent condensed audited financial information of CalTIP as of April 30, 1999, is disclosed as follows:

<b>Balance Sheet</b> <b>April 30, 1999</b>		<b>Statement of Revenues, Expenses and Retained Earnings</b> <b>Year Ended April 30, 1999</b>	
Total Assets, primarily cash and investments	\$ 9,943,976	Total Revenues	\$ 1,408,320
Total Liabilities	\$ 6,342,678	Total Operating Expenses	(1,952,913)
Retained earnings	3,601,298	Net Loss	(544,593)
Total Liabilities and Retained Earnings	\$ 9,943,976	Retained earnings, beginning of year	4,145,891
		Retained earnings, end of year	\$ 3,601,298

There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

**(17) Deficit in Fund Equity**

Internal Service Fund - Claims and Benefits - A deficit in fund equity at June 30, 2000, in the amount of \$1,296,393 in the Internal Service Fund is due to the self-insurance reserves in the Claims and Benefits Fund established to cover both incurred and incurred-but-not-reported (IBNR) claims. The City plans to implement the deficit reduction plan recommended by an actuary to gradually eliminate the deficit in the Internal Service Fund.

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(18) Segments of Enterprise Activities**

There are four services provided by the City that are financed by user charges - Electric, sewer, water and transit. Selected financial data for these four services for the year ended June 30, 2000, are as follows:

	Electric	Sewer	Water	Transit	Total
Operating revenues	\$ 38,643,042	3,874,750	3,547,602	\$ 212,274	\$ 46,277,668
Operating expenses:					
Depreciation and amortization	(548,484)	(815,910)	(685,500)	(249,514)	(2,299,408)
Other	(40,015,253)	(3,146,931)	(4,992,501)	(3,780,856)	(51,935,541)
Operating loss	(1,920,695)	(88,091)	(2,130,399)	(3,818,096)	(7,957,281)
Nonoperating revenue (expense)	1,567,966	(87,063)	1,030,740	2,005,814	4,517,457
Operating transfers, net	(2,397,011)	(564,970)	(638,764)	(178,857)	(3,779,602)
Net loss	<u>\$ (2,749,740)</u>	<u>(740,124)</u>	<u>(1,738,423)</u>	<u>\$ (1,991,139)</u>	<u>\$ (7,219,426)</u>
Current capital contributions	<u>\$ 427,382</u>	<u>(298,826)</u>		<u>\$ 1,852,074</u>	<u>\$ 1,980,630</u>
Property, plant and equipment additions (deletions) (including construction in progress), net	<u>\$ 1,818,938</u>	<u>633,338</u>	<u>579,902</u>	<u>\$ 1,852,074</u>	<u>\$ 4,884,252</u>
Net working capital	<u>\$ 25,080,119</u>	<u>2,839,800</u>	<u>1,234,358</u>	<u>(1,497,891)</u>	<u>\$ 27,656,386</u>
Total assets	<u>\$ 82,578,583</u>	<u>35,765,971</u>	<u>18,347,812</u>	<u>\$ 5,211,609</u>	<u>\$ 141,903,975</u>
Certificates of participation, net	<u>\$ 43,407,871</u>	<u>9,636,398</u>	<u>2,500,000</u>		<u>\$ 55,544,269</u>
Total equity	<u>\$ 36,673,526</u>	<u>25,370,550</u>	<u>11,383,586</u>	<u>\$ 3,266,276</u>	<u>\$ 76,693,938</u>

CITY OF LODI  
Notes to General Purpose Financial Statements (continued)  
June 30, 2000

**(19) Contributed Capital**

Contributions of property, plant and equipment for the proprietary funds increased as follows:

	<u>Balance at Beginning of Year</u>	<u>Contributions from Grants &amp; Other Funds</u>	<u>Depreciation on Contributed Assets</u>	<u>Balance at End of Year</u>
<b>Enterprise Fund</b>				
Electric Fund	\$ 185,486	427,382	(10,685)	\$ 602,183
Sewer Fund	5,674,746	(298,826)	(152,619)	5,223,301
Water Fund	3,734,517		(101,532)	3,632,985
Transit	3,161,607	1,852,074	(249,514)	4,764,167
Total Enterprise Fund	<u>\$ 12,756,356</u>	<u>1,980,630</u>	<u>(514,350)</u>	<u>\$ 14,222,636</u>

**(20) Commitments and Contingencies**

**Litigation and claims-** The City is a defendant in various lawsuits and is a party to various claims including environmental exposure. The City Attorney estimates that the potential claims against the City resulting from such litigation would not materially affect the financial condition of the City.

**(21) Subsequent Events**

On October 2, 2000, the City issued 1.5 million Series 2000-B of the Environmental Abatement Program Certificates of Participation. This is the second issue intended to fund the commitment of the City as the lead agency in initiating and prosecuting environmental enforcement actions to compel responsible parties to investigate and clean up all actual or potential dangers to public health and the environment arising from or related to hazardous substance contamination of portions of the City's groundwater and soil located within an area approximately 600 acres and encompassing the City's central business area.

REQUIRED SUPPLEMENTARY INFORMATION  
PENSION PLAN – SCHEDULE OF FUNDING PROGRESS

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**City of Lodi**  
**Required Supplementary Information**  
**Schedule of Funding Progress - Pension Plan**  
(in thousands of dollars)

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability [(B) - (A)]	Funded Ratio [(A) / (B)]	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll {[(B) - (A)]/(C)}
6/30/94	\$ 65,287	\$ 65,878	\$ 591	99%	\$ 14,702	4.02%
6/30/95	70,518	69,253	(1,265)	102%	15,499	(8.16%)
6/30/96	79,694	77,581	(2,113)	103%	15,999	(13.21%)
6/30/97	91,769	79,787	(11,982)	115%	16,871	(71.02%)
6/30/98	108,165	88,222	(19,943)	123%	17,601	(113.31%)
6/30/99	125,286	104,459	(20,827)	120%	18,534	(112.37%)

## SUPPLEMENTAL FINANCIAL STATEMENTS

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### GENERAL FUND

## OVERVIEW

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The General Fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes, business tax, receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund resources can be utilized for any legitimate governmental purpose.

Due to the scale and flexibility of General Fund revenues, a broad range of municipal services are provided through this fund. The following is a summary of the services primarily financed through the General Fund by Department:

<b>Office of the City Manager</b> Implementation of City Council policies Intergovernmental relations Community Promotion Risk Management and Insurance Salary and Benefits Administration Budget Administration Transit Operations Disaster Preparedness Solid Waste Management Telecommunications Safety Information Systems/Data Processing	<b>Community Center Office</b> Aquatics for Seniors Facilities Administration Senior Activities Cultural Activities <b>Police Department</b> Patrol Crime Prevention Animal Control Investigations Drug Suppression <b>Fire Department</b> Emergency Response Hazard Prevention Weed Abatement <b>Parks and Recreation Department</b> Park Maintenance Youth Programs Adult Programs Pre-school Programs Senior Activities Aquatics Trips and Classes <b>Library</b> Adult and Youth Reading Material Research Services	<b>Finance Department</b> Revenues and Collections Financial Reporting Debt and Investment Management Parking Enforcement Utility Billing Purchasing <b>Public Works Department</b> Engineering Services Street Paving and Sweeping Sidewalk Maintenance Traffic Signal & Sign Maintenance Storm Drain Maintenance Tree Maintenance Street Maintenance Building Maintenance Parking Lot Maintenance <b>Community Development Department</b> Development Review General Plan Environmental Impact Reporting Demographic Information Design Review Building and Safety
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Although several of the activities listed above may be partially financed through other funds, the primary source of funding for these services is the General Fund. For example, central support services provided by the Department of Finance are organized in the General Fund, these services are provided to Enterprise Fund Activities, Special Revenue Fund Activities and Capital Outlay Fund Activities. Reimbursement transfers are made from the other funds to the General Fund based on a formula calculated each year as compensation for these services.



CITY OF LODI  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2000 and 1999

	2000	1999
<b>ASSETS</b>		
Cash and Investments	\$ 3,197,509	\$ 2,935,386
Receivables:		
Accounts		
Property taxes	1,878,624	1,889,114
Interest	58,262	61,914
Due from other funds or governmental agencies	16,816	43,969
Inventory	155,469	60,721
Other assets	102,705	96,353
TOTAL ASSETS	<u>\$ 5,477,768</u>	<u>\$ 5,129,795</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 1,004,507	\$ 1,084,456
Accrued salaries and wages	385,041	1,014,349
Accrued compensated absences	300,000	300,000
Deferred revenue		20,114
TOTAL LIABILITIES	<u>\$ 1,689,548</u>	<u>\$ 2,418,919</u>
<b>FUND BALANCE</b>		
Reserved for encumbrances	\$ 191,851	\$ 42,501
Reserved for inventory	102,705	96,353
Reserved for library	178,933	9,664
Unreserved	3,314,731	2,562,358
TOTAL FUND BALANCE	<u>\$ 3,788,220</u>	<u>\$ 2,710,876</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 5,477,768</u>	<u>\$ 5,129,795</u>

**CITY OF LODI  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Years ended June 30, 2000 and 1999**

	2000			1999		
	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 17,155,319	17,573,705	418,386	\$ 16,058,940	16,633,299	574,359
Licenses and permits	1,342,629	1,405,935	63,306	1,136,800	1,266,630	129,830
Intergovernmental revenues	2,805,476	3,748,649	943,173	2,687,065	2,714,356	27,291
Charges for services	1,387,702	1,411,163	23,461	1,032,285	1,307,379	275,094
Fines, forfeits and penalties	948,505	714,051	(234,454)	782,485	878,245	95,760
Investment and rental income	550,835	572,239	21,404	413,714	644,532	230,818
Miscellaneous revenue	77,000	161,996	84,996	70,900	71,301	401
Total revenues	<u>24,267,466</u>	<u>25,587,738</u>	<u>1,320,272</u>	<u>22,182,189</u>	<u>23,515,742</u>	<u>1,333,553</u>
<b>EXPENDITURES</b>						
Current						
General government	8,398,034	7,774,589	623,445	7,639,780	7,238,903	400,877
Public protection	11,665,761	11,353,514	312,247	11,559,317	11,096,702	462,615
Public works	4,572,357	4,493,714	78,643	4,601,350	4,544,180	57,170
Library	1,102,085	1,039,971	62,114	1,032,512	1,029,669	2,843
Parks and recreation	2,765,172	2,669,872	95,300	2,241,178	2,230,233	10,945
Total expenditures	<u>28,503,409</u>	<u>27,331,660</u>	<u>1,171,749</u>	<u>27,074,137</u>	<u>26,139,687</u>	<u>934,450</u>
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(4,235,943)	(1,743,922)	2,492,021	(4,891,948)	(2,623,945)	2,268,003
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	3,995,011	3,995,011		4,245,037	4,245,037	
Operating transfers out	(1,173,745)	(1,173,745)		(1,182,005)	(1,182,005)	
Residual equity transfer				10,313	10,313	
	<u>2,821,266</u>	<u>2,821,266</u>		<u>3,073,345</u>	<u>3,073,345</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(1,414,677)</u>	<u>1,077,344</u>	<u>2,492,021</u>	<u>(1,818,603)</u>	<u>449,400</u>	<u>2,268,003</u>
<b>FUND BALANCE , BEGINNING OF YEAR</b>	<u>2,710,876</u>	<u>2,710,876</u>		<u>2,261,476</u>	<u>2,261,476</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,296,199</u>	<u>3,788,220</u>	<u>2,492,021</u>	<u>\$ 442,873</u>	<u>2,710,876</u>	<u>2,268,003</u>

CITY OF LODI  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY DEPARTMENT  
BUDGETARY LEVEL OF CONTROL - BUDGET AND ACTUAL COMPARISON  
Year ended June 30, 2000

	2000		VARIANCE-
	BUDGET	ACTUAL	Favorable (Unfavorable)
GENERAL GOVERNMENT			
City Council	\$ 113,015	\$ 101,255	11,760
City Manager	2,427,732	2,277,130	150,602
City Clerk	263,906	252,837	11,069
City Attorney	282,085	235,845	46,240
Human Resources	474,100	408,621	65,479
Community Development	1,395,016	1,349,586	45,430
Finance Department	2,031,100	1,941,673	89,427
Non Departmental	1,411,080	1,207,642	203,438
Total General Government	8,398,034	7,774,589	623,445
PUBLIC PROTECTION			
Police Department	7,941,771	7,716,454	225,317
Fire Department	3,723,990	3,637,060	86,930
Total Public Protection	11,665,761	11,353,514	312,247
PUBLIC WORKS	4,572,357	4,493,714	78,643
LIBRARY	1,102,085	1,039,971	62,114
PARKS AND RECREATION	2,765,172	2,669,872	95,300
TOTAL GENERAL FUND EXPENDITURES BY DEPARTMENT	\$ 28,503,409	\$ 27,331,660	1,171,749

# SUPPLEMENTAL FINANCIAL STATEMENTS

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## SPECIAL REVENUE FUNDS

## OVERVIEW

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The City has established the following five special revenue funds in order to account for the proceeds from revenue sources that are restricted to expenditures for specific purposes.

### **Police Special Revenue Fund**

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution moneys.

### **Special Grants Fund**

This fund has been established to account for the receipt of smaller grants from Federal and State sources.

### **Streets Fund**

This fund was established to account for the following:

#### **Gas Tax**

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

#### **Development Impact Mitigation Fees**

To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

#### **Master Storm Drain**

To account for the funding of construction or modification of the City's storm drain system.

#### **Measure K Sales Tax**

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

#### **Intermodal Surface Transportation Efficiency Act (ISTEA)**

To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

## **OVERVIEW -continued**

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### **Transportation Fund**

This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

### **Community Development Block Grants**

This fund was established to account for Federal moneys provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.

### **Home Program**

This fund was established to account for the City's Home Program that provides adequate and affordable housing for low and very low-income residents.

CITY OF LODI  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2000

(with comparative totals for the year ended June 30, 1999)

	Police Special Revenue	Special Grants	Streets	Transportation	Community Development Block Grants	Home Program	Totals	
							2000	1999
<b>ASSETS</b>								
Cash and Investments	\$ 416,890	9,311	2,779,548				\$ 3,205,749	\$
Receivables:								
Accounts			401,636	1,772,137			2,173,773	2,668,517
Interest	4,554		55,638				60,192	19,596
Due from other funds or governmental agencies	8,158		1,691,337		934,691	103,899	2,738,085	5,109,560
Advance receivables					393,985	690,015	1,084,000	1,084,000
<b>TOTAL ASSETS</b>	<b>\$ 429,602</b>	<b>9,311</b>	<b>4,928,159</b>	<b>1,772,137</b>	<b>1,328,676</b>	<b>793,914</b>	<b>9,261,799</b>	<b>\$ 8,881,673</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable and other liabilities	\$ 733		117,572		31,477		149,782	\$ 859,642
Accrued interest								19,495
Due to other funds or other governmental agencies			736,436	45,030	903,214	103,899	1,788,579	2,944,762
Deferred revenue	288,563				393,985	690,015	1,372,563	1,176,139
<b>TOTAL LIABILITIES</b>	<b>\$ 289,296</b>		<b>854,008</b>	<b>45,030</b>	<b>1,328,676</b>	<b>793,914</b>	<b>3,310,924</b>	<b>\$ 5,000,038</b>
<b>FUND EQUITY</b>								
Fund balances:								
Reserved for encumbrances	\$ 875		175,735				176,610	\$ 1,583,557
Unreserved-designated for specific projects and programs	139,431	9,311	3,898,416	1,727,107			5,774,265	2,298,078
<b>TOTAL FUND BALANCE</b>	<b>140,306</b>	<b>9,311</b>	<b>4,074,151</b>	<b>1,727,107</b>			<b>5,950,875</b>	<b>3,881,635</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 429,602</b>	<b>9,311</b>	<b>4,928,159</b>	<b>1,772,137</b>	<b>1,328,676</b>	<b>793,914</b>	<b>9,261,799</b>	<b>\$ 8,881,673</b>

CITY OF LODI  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year ended June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Police Special Revenue	Special Grants	Streets	Transportation	Community Development Block Grants	Home Program	Totals	
							2000	1999
REVENUES								
Taxes	\$		747,630				\$ 747,630	\$ 604,016
Intergovernmental revenues	65,020		2,811,394	1,772,629	518,874	7,942	5,175,859	5,568,200
Charges for services			1,396,494				1,396,494	1,392,628
Investment and rental income	18,106		173,905				192,011	131,626
Miscellaneous revenue			100,876	3,210			104,086	
Total revenues	83,126		5,230,299	1,775,839	518,874	7,942	7,616,080	7,696,470
EXPENDITURES								
Current								
Public protection	76,762						76,762	127,901
Public works				17,989	518,874	7,942	544,805	606,701
Capital outlay	7,734		4,062,324	30,743			4,100,801	3,908,413
Total expenditures	84,496		4,062,324	48,732	518,874	7,942	4,722,368	4,643,015
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,370)		1,167,975	1,727,107			2,893,712	3,053,455
OTHER FINANCING SOURCES (USES)								
Operating transfers in	9,184		1,179,837				1,189,021	7,050,180
Operating transfers out	(41,184)		(1,972,309)				(2,013,493)	(9,593,101)
Total other financing uses	(32,000)		(792,472)				(824,472)	(2,542,921)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(33,370)		375,503	1,727,107			2,069,240	510,534
FUND BALANCE, BEGINNING OF YEAR	173,676	9,311	3,698,648				3,881,635	3,371,101
FUND BALANCE, END OF YEAR	\$ 140,306	9,311	4,074,151	1,727,107			\$ 5,950,875	\$ 3,881,635



CITY OF LODI  
SPECIAL REVENUE FUNDS  
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year ended June 30, 2000

	POLICE SPECIAL REVENUE			SPECIAL GRANTS		
	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)
REVENUES						
Taxes	\$			\$		
Intergovernmental revenues	116,139	65,020	(51,119)			
Charges for services						
Investment and rental income	14,000	18,106	4,106			
Miscellaneous Revenue						
Total Revenue	<u>130,139</u>	<u>83,126</u>	<u>(47,013)</u>			
EXPENDITURES						
Current						
Public protection	103,969	76,762	27,207			
Public works						
Capital outlay	7,734	7,734				
Total Expenditures	<u>111,703</u>	<u>84,496</u>	<u>27,207</u>			
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	18,436	(1,370)	(19,806)			
OTHER FINANCING SOURCES (USES)						
Operating transfers in	9,184	9,184				
Operating transfers out	(41,184)	(41,184)				
Total other financing sources (uses)	<u>(32,000)</u>	<u>(32,000)</u>				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	50,436	(33,370)	(19,806)			
FUND BALANCE, BEGINNING OF YEAR	<u>173,676</u>	<u>173,676</u>		<u>9,311</u>	<u>9,311</u>	
FUND BALANCE, END OF YEAR	<u>\$ 224,112</u>	<u>140,306</u>	<u>(19,806)</u>	<u>\$ 9,311</u>	<u>9,311</u>	

**CITY OF LODI**  
**SPECIAL REVENUE FUNDS**  
**COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year ended June 30, 2000**

	STREETS			TRANSPORTATION		
	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 667,000	747,630	80,630	\$		
Intergovernmental revenues	2,392,303	2,811,394	419,091	2,738,629	1,772,629	(966,000)
Charges for services	853,000	1,396,494	543,494			
Investment and rental income	164,000	173,905	9,905			
Miscellaneous Revenue		100,876	100,876		3,210	3,210
Total Revenue	<u>4,076,303</u>	<u>5,230,299</u>	<u>1,153,996</u>	<u>2,738,629</u>	<u>1,775,839</u>	<u>(962,790)</u>
<b>EXPENDITURES</b>						
Current						
Public protection						
Public works				2,000	17,989	15,989
Capital outlay	6,020,881	4,062,324	1,958,557	30,743	30,743	
Total Expenditures	<u>6,020,881</u>	<u>4,062,324</u>	<u>1,958,557</u>	<u>32,743</u>	<u>48,732</u>	<u>15,989</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,944,578)</u>	<u>1,167,975</u>	<u>3,112,553</u>	<u>2,705,886</u>	<u>1,727,107</u>	<u>(978,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	1,179,837	1,179,837				
Operating transfers out	(1,972,309)	(1,972,309)				
Total other financing sources (uses)	<u>(792,472)</u>	<u>(792,472)</u>				
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(2,737,050)</u>	<u>375,503</u>	<u>3,112,553</u>	<u>2,705,886</u>	<u>1,727,107</u>	<u>(978,779)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>3,698,648</u>	<u>3,698,648</u>				
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 961,598</u>	<u>4,074,151</u>	<u>3,112,553</u>	<u>\$ 2,705,886</u>	<u>1,727,107</u>	<u>(978,779)</u>

CITY OF LODI  
SPECIAL REVENUE FUNDS  
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year ended June 30, 2000

	COMMUNITY DEVELOPMENT BLOCK GRANTS			HOME PROGRAM			TOTALS		
	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)	BUDGET	ACTUAL	VARIANCE- Favorable (Unfavorable)
REVENUES									
Taxes	\$			\$			\$		
Intergovernmental revenues	1,767,426	518,874	(1,248,552)	594,126	7,942	(586,184)	667,000	747,630	80,630
Charges for services							6,198,071	5,175,859	(1,022,212)
Investment and rental income							853,000	1,396,494	543,494
Miscellaneous Revenue							172,000	192,011	20,011
Total Revenue	<u>1,767,426</u>	<u>518,874</u>	<u>(1,248,552)</u>	<u>594,126</u>	<u>7,942</u>	<u>(586,184)</u>	<u>7,890,071</u>	<u>7,616,080</u>	<u>(273,991)</u>
EXPENDITURES									
Current									
Public protection							103,969	76,762	27,207
Public works	1,767,426	518,874	1,248,552	594,126	7,942	586,184	2,361,552	544,805	1,816,747
Capital outlay							6,051,724	4,100,801	1,950,923
Total Expenditures	<u>1,767,426</u>	<u>518,874</u>	<u>1,248,552</u>	<u>594,126</u>	<u>7,942</u>	<u>586,184</u>	<u>8,517,245</u>	<u>4,722,368</u>	<u>3,794,877</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES							(627,174)	2,893,712	3,520,886
OTHER FINANCING SOURCES (USES)									
Operating transfers in							1,189,021	1,189,021	
Operating transfers out							(2,013,493)	(2,013,493)	
Total other financing sources (uses)							<u>(824,472)</u>	<u>(824,472)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES							(1,451,646)	2,069,240	3,520,886
FUND BALANCE, BEGINNING OF YEAR							3,881,635	3,881,635	
FUND BALANCE, END OF YEAR	\$			\$			\$ 2,429,989	5,950,875	3,520,886

# SUPPLEMENTAL FINANCIAL STATEMENTS

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## DEBT SERVICE FUND

## **OVERVIEW**

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The City has established a debt service fund to account for the payment and accumulation of resources related to general long-term debt principal and interest for the following debt issues:

### **1995 Certificates of Participation**

These bonds were issued in September 1995 to finance the Central City Revitalization and City Hall remodel.

### **1996 Certificates of Participation**

The bonds were issued in August 1996 to finance the Conference/Performing Arts and Center.

**CITY OF LODI**  
**DEBT SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Years ended June 30, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
REVENUES		
Investment and rental income	\$ <u>          </u>	\$ <u>          30</u>
Total Revenues	<u>                  </u>	<u>                  30</u>
EXPENDITURES		
Interest and fiscal charges	777,352	797,309
Principal payments	<u>505,000</u>	<u>485,000</u>
Total Expenditures	<u>1,282,352</u>	<u>1,282,309</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,282,352)	(1,282,279)
OTHER FINANCING SOURCES		
Operating transfers in	<u>1,282,352</u>	<u>1,282,279</u>
Total other financing sources	<u>1,282,352</u>	<u>1,282,279</u>
(DEFICIENCY) EXCESS OF REVENUES AND OTHER SOURCES (UNDER) OVER EXPENDITURES		
FUND BALANCE, BEGINNING OF YEAR	<u>                  </u>	<u>                  </u>
FUND BALANCE, END OF YEAR	\$ <u><u>                  </u></u>	\$ <u><u>                  </u></u>

## SUPPLEMENTAL FINANCIAL STATEMENTS

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### CAPITAL PROJECT FUNDS

## OVERVIEW

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The following funds were used by the City in order to account for the financial resources used in the construction and acquisition of major capital facilities or equipment (with the exception of those financed primarily through enterprise funds):

### **Equipment Fund**

This fund was established to account for the financing and replacement of equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through operating transfers from other funds, interest earnings and sales of surplus property.

### **Library Capital**

This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

### **Subdivision Capital**

This fund is used to account for construction and installation projects dealing with subdivision work for others.

### **Hutchins Street Square Capital**

When the old Lodi High School burnt down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established and this organization organizes events to raise money for the capital restoration of Hutchins Street Square.

### **Capital Outlay Reserve Fund**

This fund was established to account for the entire City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants.

### **Lodi Lake Capital**

This fund was established to account for moneys charged for activities held at Lodi Lake. The Council designated the moneys to be used for Lodi Lake capital projects.



CITY OF LODI  
CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Equipment	Library Capital	Subdivision Capital	Hutchins Street Square Capital	Capital Outlay Reserve	Lodi Lake Capital	Totals	
							2000	1999
<b>ASSETS</b>								
Cash and investments	\$ 390,205	144,922	300,339	3,577	4,916,693	29,249	\$ 5,784,985	\$ 4,538,616
Restricted assets					1,098		1,098	761
Receivables:								
Accounts				73,000			73,000	73,479
Property taxes					6,539		6,539	26,535
Interest		1,596			54,365	320	56,281	39,345
Due from other funds or governmental agencies					37,283		37,283	172,927
Other assets					1,085		1,085	
<b>TOTAL ASSETS</b>	<u>\$ 390,205</u>	<u>146,518</u>	<u>300,339</u>	<u>76,577</u>	<u>5,017,063</u>	<u>29,569</u>	<u>\$ 5,960,271</u>	<u>\$ 4,851,663</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts payable and other liabilities	\$ 37,537				10,303	1,293	\$ 49,133	\$ 339,009
Due to other funds or other governmental agencies				73,000	1,949,226		2,022,226	1,700,104
<b>TOTAL LIABILITIES</b>	<u>37,537</u>			<u>73,000</u>	<u>1,959,529</u>	<u>1,293</u>	<u>2,071,359</u>	<u>2,039,113</u>
<b>FUND BALANCE</b>								
Fund balances:								
Reserved for encumbrances	203,450	154			157,951	15,920	377,475	582,836
Unreserved-designated for specific projects and programs	149,218	146,364	300,339	3,577	2,899,583	12,356	3,511,437	2,229,714
<b>TOTAL FUND BALANCE</b>	<u>352,668</u>	<u>146,518</u>	<u>300,339</u>	<u>3,577</u>	<u>3,057,534</u>	<u>28,276</u>	<u>3,888,912</u>	<u>2,812,550</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 390,205</u>	<u>146,518</u>	<u>300,339</u>	<u>76,577</u>	<u>5,017,063</u>	<u>29,569</u>	<u>\$ 5,960,271</u>	<u>\$ 4,851,663</u>

CITY OF LODI  
CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year ended June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Equipment	Library Capital	Subdivision Capital	Hutchins Street Square Capital	Capital Outlay Reserve	Lodi Lake Capital	Totals	
							2000	1999
REVENUES								
Taxes	\$				1,479,550		\$ 1,479,550	\$ 1,356,270
Intergovernmental revenues					129,578		129,578	87,973
Charges for services					1,803,555		1,803,555	1,173,940
Investment and rental income		14			213,933	3,933	217,880	205,734
Miscellaneous revenue	4,333				493,336		497,669	171,283
Total revenue	\$ 4,333	14			4,119,952	3,933	\$ 4,128,232	2,995,200
EXPENDITURES								
Current	\$							
General government					38,149		\$ 38,149	
Capital outlay	525,849	15,541			1,715,280	62,936	2,319,606	2,732,058
Total expenditures	\$ 525,849	15,541			1,753,429	62,936	\$ 2,357,755	2,732,058
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(521,516)	(15,527)			2,366,523	(59,003)	1,770,477	263,142
OTHER FINANCING SOURCES (USES)								
Operating transfers in	512,539	15,000			2,564,195	156,958	3,248,692	3,908,429
Operating transfers out	(99,410)				(3,843,397)		(3,942,807)	(3,634,754)
Residual equity transfer								(197,468)
Total other financing sources (uses)	413,129	15,000			(1,279,202)	156,958	(694,115)	76,207
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(108,387)	(527)			1,087,321	97,955	1,076,362	339,349
FUND BALANCE , BEGINNING OF YEAR	461,055	147,045	300,339	3,577	1,970,213	(69,679)	2,812,550	2,473,201
FUND BALANCE, END OF YEAR	\$ 352,668	146,518	300,339	3,577	3,057,534	28,276	\$ 3,888,912	\$ 2,812,550

# SUPPLEMENTAL FINANCIAL STATEMENTS

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## ENTERPRISE FUNDS

## **OVERVIEW**

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Enterprise funds are distinguished by their similarity to private sector activities, as the intent is to finance or recover the cost of providing services primarily through user charges. As such, the measurement focus is on net income in addition to financial position and changes in financial condition. An accrual basis of accounting with depreciation recorded as an expense is utilized. Enterprise funds may also be established in order to account for operations under which the City or an outside grantor agency has decided that a periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Lodi uses the following five enterprise funds:

### **Electric Fund**

The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, maintenance and debt service.

### **Sewer Fund**

This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

### **Water Fund**

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

### **Transit Fund**

This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

CITY OF LODI  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2000

(with comparative totals for the year ended June 30, 1999)

	Electric	Sewer	Water	Transit	Totals	
					2000	1999
<b>ASSETS</b>						
Cash and Investments	\$ 15,895,762	3,318,661	2,248,666		\$ 21,463,089	\$ 19,759,569
Restricted assets	35,992,088				35,992,088	
Receivables:						
Accounts	3,977,248	183,086	228,153	11,089	4,399,576	3,123,142
Interest	192,314	37,704	26,103		256,121	229,608
Due from other funds or governmental agencies	3,496,663	42,773	23,706	436,203	3,999,345	5,040,343
Advance receivables	2,372,487				2,372,487	1,483,861
Inventory	1,642,237	12,980	246,851		1,902,068	1,920,527
Other assets	594	3,619	1,800	150	6,163	67,175
Fixed assets (net)	19,009,190	31,956,239	15,572,533	4,764,167	71,302,129	68,547,261
Deferred financing costs		210,909			210,909	219,180
<b>TOTAL ASSETS</b>	<b>\$ 82,578,583</b>	<b>35,765,971</b>	<b>18,347,812</b>	<b>5,211,609</b>	<b>141,903,975</b>	<b>100,390,666</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$ 1,064,298	101,085	623,017	264,414	\$ 2,052,814	\$ 1,262,998
Accrued salaries and wages	73,110	35,567	4,068	1,576	114,321	295,257
Accrued interest	695,718	333,385	24,921	21,256	1,075,280	371,140
Due to other funds or other governmental agencies				1,657,437	1,657,437	1,410,489
Accrued compensated absences	664,060	272,738	20,697	650	958,145	1,007,106
Deferred revenue		16,248	868,218		884,466	1,457,087
Certificates of participation payable, net of discount	43,407,871	9,636,398	2,500,000		55,544,269	9,761,923
Water note payable			2,923,305		2,923,305	2,891,932
<b>TOTAL LIABILITIES</b>	<b>\$ 45,905,057</b>	<b>10,395,421</b>	<b>6,964,226</b>	<b>1,945,333</b>	<b>\$ 65,210,037</b>	<b>\$ 18,457,932</b>
<b>FUND EQUITY</b>						
Contributed capital	\$ 602,183	5,223,301	3,632,985	4,764,167	\$ 14,222,636	\$ 12,756,356
Retained earnings (deficit)	36,071,343	20,147,249	7,750,601	(1,497,891)	62,471,302	69,176,378
<b>TOTAL FUND EQUITY</b>	<b>36,673,526</b>	<b>25,370,550</b>	<b>11,383,586</b>	<b>3,266,276</b>	<b>76,693,938</b>	<b>81,932,734</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 82,578,583</b>	<b>35,765,971</b>	<b>18,347,812</b>	<b>5,211,609</b>	<b>\$ 141,903,975</b>	<b>\$ 100,390,666</b>

CITY OF LODI  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY  
Year ended June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Electric	Sewer	Water	Transit	Totals	
					2000	1999
OPERATING REVENUES						
Charges for services	\$ 38,643,042	3,874,750	3,547,602	212,274	\$ 46,277,668	\$ 44,793,286
OPERATING EXPENSES						
Personnel services	3,229,711	1,357,970	729,886	71,322	5,388,889	5,228,880
Supplies, materials and services	8,617,213	1,423,792	3,566,359	3,676,428	17,283,792	14,924,635
Utilities	28,168,329	365,169	696,256	33,106	29,262,860	29,763,555
Depreciation and amortization	548,484	815,910	685,500	249,514	2,299,408	2,307,386
TOTAL OPERATING EXPENSES	\$ 40,563,737	3,962,841	5,678,001	4,030,370	\$ 54,234,949	\$ 52,224,456
OPERATING LOSS	\$ (1,920,695)	(88,091)	(2,130,399)	(3,818,096)	\$ (7,957,281)	\$ (7,431,170)
NONOPERATING REVENUES (EXPENSE)						
Interest, net	1,246,891	(541,457)	(198,014)	(124,347)	383,073	193,604
Rent	-	155,543	31,041	1,000	187,584	231,448
Non-recurring settlement	-	-	-	-	-	1,076,255
Fees received from developers	-	170,388	261,040	-	431,428	487,235
Other revenues	321,075	128,463	936,673	2,129,161	3,515,372	3,781,521
TOTAL NONOPERATING REVENUES (EXPENSE)	\$ 1,567,966	(87,063)	1,030,740	2,005,814	\$ 4,517,457	\$ 5,770,063
LOSS BEFORE OPERATING TRANSFERS	(352,729)	(175,154)	(1,099,659)	(1,812,282)	(3,439,824)	(1,661,107)
Operating Transfers in	1,441,065	161,779	16,975	288,307	1,908,126	5,651,784
Operating Transfers out	(3,838,076)	(726,749)	(655,739)	(467,164)	(5,687,728)	(9,261,841)
Net Operating Transfers in (out)	(2,397,011)	(564,970)	(638,764)	(178,857)	(3,779,602)	(3,610,370)
Net loss	(2,749,740)	(740,124)	(1,738,423)	(1,991,139)	(7,219,426)	(5,271,477)
Add: Depreciation on contributed assets	10,685	152,619	101,532	249,514	514,350	1,075,721
Net decrease to retained earnings	(2,739,055)	(587,505)	(1,636,891)	(1,741,625)	(6,705,076)	(4,195,756)
RETAINED EARNINGS - BEGINNING OF YEAR	38,810,398	20,734,754	9,387,492	243,734	69,176,378	73,372,134
RETAINED EARNINGS (DEFICIT) - END OF YEAR	36,071,343	20,147,249	7,750,601	(1,497,891)	62,471,302	69,176,378
CONTRIBUTED CAPITAL:						
Beginning of year	185,486	5,674,746	3,734,517	3,161,607	12,756,356	9,281,359
Depreciation on contributed assets	(10,685)	(152,619)	(101,532)	(249,514)	(514,350)	(1,075,721)
Contributed assets	427,382	(298,826)	-	1,852,074	1,980,630	4,550,718
End of year	602,183	5,223,301	3,632,985	4,764,167	14,222,636	12,756,356
TOTAL FUND EQUITY	\$ 36,673,526	25,370,550	11,383,586	3,266,276	\$ 76,693,938	\$ 81,932,734

CITY OF LODI  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year ended June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Electric	Sewer	Water	Transit	Totals	
					2000	1999
Cash flows from operating activities:						
Operating loss	\$ (1,920,695)	(88,091)	(2,130,399)	(3,818,096)	\$ (7,957,281)	(7,431,170)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	548,484	815,910	685,500	249,514	2,299,408	2,307,386
Settlements received						1,076,255
Other revenues	321,075	128,463	936,673	2,129,161	3,515,372	3,781,522
Change in assets and liabilities:						
Increase (decrease) in accounts receivables	(1,458,446)	157,839	28,760	(4,587)	(1,276,434)	(266,405)
Increase in advance receivables	(888,626)				(888,626)	(906,300)
Decrease in restricted deposit						7,800,000
(Increase) decrease in interest receivables	(21,820)	3,858	(8,551)		(26,513)	49,138
(Increase) decrease in due from other funds	(538,000)			1,578,998	1,040,998	(3,553,582)
Decrease (increase) in inventory	613	(1,210)	19,056		18,459	(168,405)
(Increase) decrease in other assets	(378)	62,065	(525)	(150)	61,012	(56,246)
Increase (decrease) in accounts payable and other liabilities	606,223	8,623	266,897	(91,927)	789,816	(262,320)
(Decrease) increase in accrued salaries and wages	(129,454)	(49,985)	(68)	(1,429)	(180,936)	78,301
Increase (decrease) in accrued interest	695,718	(4,126)	(1,064)	13,615	704,143	(55,940)
Increase in due to other funds				246,949	246,949	1,410,489
(Decrease) increase in compensated absences	(55,460)	6,182	160	156	(48,962)	(87,276)
Decrease in deferred revenue			(572,621)		(572,621)	(242,913)
Net cash (used in) provided by operating activities	(2,840,766)	1,039,528	(776,182)	302,204	(2,275,216)	3,472,534
Cash flows from noncapital financing activities:						
Operating transfers in	1,441,065	161,779	16,975	288,307	1,908,126	5,651,784
Operating transfers out	(3,838,076)	(726,749)	(655,739)	(467,164)	(5,687,728)	(9,261,841)
Residual equity transfer						(313)
Fees received from developers		170,388	261,040		431,428	487,234
Net cash used in noncapital financing activities	(2,397,011)	(394,582)	(377,724)	(178,857)	(3,348,174)	(3,123,136)
Cash flows from capital financing activities:						
Proceeds from Certificates of Participation	8,231,895		2,500,000		10,731,895	
Issuance costs-Certificates of Participation	(834,837)				(834,837)	
Acquisition and construction of capital assets	(1,818,938)	(633,338)	(579,902)	(1,852,074)	(4,884,252)	(6,833,114)
Principal payments on debt		(140,000)	(125,119)		(265,119)	(245,959)
Interest payments on debt	(1,329,594)	(666,770)	(101,827)		(2,098,191)	(781,052)
Capital contributed				1,852,074	1,852,074	2,905,125
Net cash provided by (used in) capital financing activities	4,248,526	(1,440,108)	1,693,152		4,501,570	(4,955,000)
Cash flows from investing activities:						
Rent of City property		155,543	31,041	1,000	187,584	231,448
Interest on investments	2,576,485	125,314	60,304	(124,347)	2,637,756	974,656
Net cash provided by (used in) investing activities	2,576,485	280,857	91,345	(123,347)	2,825,340	1,206,104
Net increase (decrease) in cash and cash equivalents	1,587,234	(514,305)	630,591		1,703,520	(3,399,498)
Cash and cash equivalents at beginning of year	14,308,528	3,832,966	1,618,075		19,759,569	23,159,067
Cash and cash equivalents at end of year	\$ 15,895,762	\$ 3,318,661	\$ 2,248,666		\$ 21,463,089	\$ 19,759,569

Noncash Investing, Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$128,556 for the year ended June 30, 2000.

# SUPPLEMENTAL FINANCIAL STATEMENTS

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## INTERNAL SERVICE FUND



## OVERVIEW

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Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City. The purpose of an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

### Claims and Benefits Funds

The City of Lodi maintains an internal service fund to account for the following insurance and certain employee benefits:

General Liability	Employee assistance program
Workers' Compensation	Employee recognition program
Dental	Unemployment insurance
Chiropractic	Flexible spending program
Life/accidental insurance	Long Term Disability
Medical	Vision

CITY OF LODI  
INTERNAL SERVICE FUND  
COMBINING BALANCE SHEET  
June 30, 2000 and 1999

	Totals	
	2000	1999
<b>ASSETS</b>		
Cash and investments		
Receivables:		
Accounts	2,153,460	\$ 2,413,598
Interest	99,425	63,377
Other assets	23,165	25,621
	4,186	900
<b>TOTAL ASSETS</b>	<u>\$ 2,280,236</u>	<u>\$ 2,503,496</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities		\$ 32,501
Self-insurance reserve	3,576,629	3,787,044
<b>TOTAL LIABILITIES</b>	<u>\$ 3,576,629</u>	<u>\$ 3,819,545</u>
<b>FUND EQUITY (DEFICIT)</b>		
Retained deficit	(1,296,393)	(1,316,049)
<b>TOTAL FUND DEFICIT</b>	<u>(1,296,393)</u>	<u>(1,316,049)</u>
<b>TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)</b>	<u>\$ 2,280,236</u>	<u>\$ 2,503,496</u>

CITY OF LODI  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND DEFICIT  
Years ended June 30, 2000 and 1999

	Totals	
	2000	1999
OPERATING REVENUES		
Charges for services	\$ 2,439,023	\$ 2,029,081
OPERATING EXPENSES		
Personnel services	175,495	172,873
Supplies, materials and services	2,664,891	2,815,837
Claims payments	955,716	450,158
TOTAL OPERATING EXPENSES	3,796,102	3,438,868
OPERATING LOSS	(1,357,079)	(1,409,787)
NONOPERATING REVENUES		
Investment income	135,228	159,629
Other, net	80,507	315,926
TOTAL NONOPERATING REVENUES	215,735	475,555
LOSS BEFORE OPERATING TRANSFERS	(1,141,344)	(934,232)
Operating transfers in	1,161,000	1,569,742
Net income	19,656	635,510
RETAINED DEFICIT - BEGINNING OF YEAR	(1,316,049)	(1,951,559)
RETAINED DEFICIT - END OF YEAR	(1,296,393)	(1,316,049)

**CITY OF LODI**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Years ended June 30, 2000 and 1999**

	Totals	
	2000	1999
Cash flows from operating activities:		
Operating loss	\$ (1,357,079)	\$ (1,409,787)
Other revenues	80,507	315,926
Changes in assets and liabilities:		
Increase in accounts receivables	(36,048)	(63,377)
Decrease (Increase) in interest receivables	2,456	(199)
Decrease in accounts payables and other liabilities	(32,501)	(17,463)
Increase in other assets	(3,286)	(900)
Decrease in self-insurance reserve	(210,415)	
Net cash used in operating activities	<u>(1,556,366)</u>	<u>(1,175,800)</u>
Cash flows from noncapital financing activities:		
Operating transfers in	1,161,000	1,569,742
Net cash provided by noncapital financing activities	<u>1,161,000</u>	<u>1,569,742</u>
Cash flows from investing activities:		
Interest on investments	135,228	159,629
Net cash provided by investing activities	<u>135,228</u>	<u>159,629</u>
Net (decrease) increase in cash and cash equivalents	(260,138)	553,571
Cash and cash equivalents at beginning of year	<u>2,413,598</u>	<u>1,860,027</u>
Cash and cash equivalents at end of year	<u>\$ 2,153,460</u>	<u>\$ 2,413,598</u>

# SUPPLEMENTAL FINANCIAL STATEMENTS

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## TRUST AND AGENCY FUNDS

## OVERVIEW

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The City has established the following expendable trusts and agency funds, which are used to account for funds, held by the City in a trustee capacity or as an agent for private individuals, organizations or other governmental agencies:

### Expendable Trust Funds

#### **Private Sector Trust Fund**

This fund was established to account for assets held and invested by the Library Board as trustee. The Library can spend the funds in accordance with trust agreements.

#### **Hutchins Street Square Bequest**

This fund was established to account for assets held by the City as trustee. The City can spend the principal and earnings of the trust in accordance with the trust agreement on behalf of Hutchins Street Square.

#### **Miscellaneous Expendable Trust**

This fund was established to account for nominal sums of moneys held by the City as trustee. It is believed that these sums will be spent within a short span of time.

### Agency Funds

#### **Special Assessments**

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts.

CITY OF LODI  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Expendable Trust Funds			Agency Fund	Totals	
	Private Sector	Hutchins Street Square Bequest	Miscellaneous Expendable Trust	Special Assessments	2000	1999
<b>ASSETS</b>						
Cash and Investments	\$ 679,730	348	167,056	379,462	\$ 1,226,596	\$ 1,207,911
Receivables:						
Accounts			1,598		1,598	7,360
Interest		4		4,137	4,141	4,139
Other assets			3,321		3,321	10,578
<b>TOTAL ASSETS</b>	<u>\$ 679,730</u>	<u>352</u>	<u>171,975</u>	<u>383,599</u>	<u>\$ 1,235,656</u>	<u>\$ 1,229,988</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$		171,975	383,599	\$ 555,574	\$ 511,971
<b>TOTAL LIABILITIES</b>	<u>\$</u>		<u>171,975</u>	<u>383,599</u>	<u>\$ 555,574</u>	<u>\$ 511,971</u>
<b>FUND BALANCE</b>						
Unreserved	679,730	352			680,082	718,017
<b>TOTAL FUND BALANCE</b>	<u>679,730</u>	<u>352</u>			<u>680,082</u>	<u>718,017</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 679,730</u>	<u>352</u>	<u>171,975</u>	<u>383,599</u>	<u>\$ 1,235,656</u>	<u>\$ 1,229,988</u>

CITY OF LODI  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Year ended June 30, 2000  
(with comparative totals for the year ended June 30, 1999)

	Expendable Trust Funds			Totals	
	Private Sector	Hutchins Street Square Bequest	Miscellaneous Expendable Trust	2000	1999
REVENUES					
Investment and rental income	\$ 12,298	17		\$ 12,315	\$ 122,675
Total revenues	\$ 12,298	17		\$ 12,315	\$ 122,675
EXPENDITURES					
Current					
General government	\$				
Library	50,000			50,000	3,000
Total expenditures	\$ 50,000			\$ 50,000	\$ 3,000
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(37,702)	17		(37,685)	119,675
OTHER FINANCING SOURCES					
Operating transfers in			33,571	33,571	18,250
Operating transfers out					(54,000)
Other			(33,821)	(33,821)	
Total other financing sources			(250)	(250)	(35,750)
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES	(37,702)	17	(250)	(37,935)	83,925
FUND BALANCE , BEGINNING OF YEAR	717,432	335	250	718,017	634,092
FUND BALANCE, END OF YEAR	\$ 679,730	352		\$ 680,082	\$ 718,017



CITY OF LODI  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Year ended June 30, 2000  
 (with comparative totals for the year ended June 30, 1999)

	Special Assessments				Balance 6/30/99
	Balance 7/1/99	Additions	Deductions	6/30/00	
ASSETS					
Cash and investments	\$ 381,448	181,725	183,711	379,462	\$ 381,448
Interest receivable	4,136	4,137	4,136	4,137	4,136
TOTAL ASSETS	<u>\$ 385,584</u>	<u>185,862</u>	<u>187,847</u>	<u>383,599</u>	<u>\$ 385,584</u>
LIABILITIES					
Accounts payable and other liabilities	\$ 385,584		1,985	383,599	\$ 385,584
TOTAL LIABILITIES	<u>\$ 385,584</u>		<u>1,985</u>	<u>383,599</u>	<u>\$ 385,584</u>

## SUPPLEMENTAL SCHEDULES

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### GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUPS

## OVERVIEW

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### **General Fixed Assets Account Group**

All of the City's fixed assets of a tangible nature, except those relating to the proprietary fund types, are accounted for in this Account Group. As these assets are not financial resources available for expenditure or appropriation, they are not accounted for with Governmental Funds, but as an account group; and exist solely as accounting records of the City's fixed assets. The City's general fixed assets have been accounted for at cost, and do not include public domain or infrastructure fixed assets such as roads, bridges, storm drains or sidewalks, as these assets are immovable and only of value to the City.

### **General Long-Term Obligations Account Group**

The City's long term obligations, except those relating to the proprietary fund types, are accounted for in this Account Group. These liabilities are backed by the full faith and credit of the City, which means that the general taxing authority of the City secures the debt. Included in long-term obligations are:

- \* Compensated absences
- \* Capitalized leases obligations
- \* Certificates of Participation

**CITY OF LODI**  
**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS**  
**June 30, 2000 and 1999**

General fixed assets:	2000	1999
Land	\$ 19,111,815	\$ 18,660,423
Buildings and improvements	24,015,010	24,015,010
Machinery and equipment	4,598,524	4,023,378
Vehicles	4,320,427	4,135,263
Construction in progress	25,657,629	25,074,956
Capital lease assets	842,522	955,351
Total	\$ <u>78,545,927</u>	\$ <u>76,864,381</u>
Investment in general fixed assets:		
Prior year balances (as of June 30, 1991)	\$ 42,965,286	\$ 42,965,286
General fund	20,060,079	18,961,206
Special revenue funds	408,342	169,613
Capital projects funds	15,112,220	14,768,276
Total	\$ <u>78,545,927</u>	\$ <u>76,864,381</u>

**CITY OF LODI**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**June 30, 2000**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Capital Lease Assets</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government:							
City clerk	\$		48,533				\$ 48,533
City manager			299,542	35,784			335,326
Finance			572,083	181,567	236,461	12,874	1,002,985
Total General Government	\$		920,158	217,351	236,461	12,874	\$ 1,386,844
Public protection	\$ 628,503	739,336	1,951,539	2,225,083	606,061	988,995	\$ 7,139,517
Public works	429,188	766,429	797,695	1,526,031		2,761,169	6,280,512
Library	205,286	328,524	137,506				671,316
Parks and recreation	12,323,309	20,797,890	526,957	351,962		1,174,643	35,174,761
Non-departmental	5,525,529	1,382,831	264,669			20,719,948	27,892,977
Total general fixed assets allocated to functions	\$ 19,111,815	24,015,010	3,678,366	4,103,076	606,061	25,644,755	\$ 77,159,083
Total general fixed assets	\$ 19,111,815	24,015,010	4,598,524	4,320,427	842,522	25,657,629	\$ 78,545,927

**CITY OF LODI**  
**Schedule of Changes in General Fixed Assets**  
**By Function and Activity**  
**Year ended June 30, 2000**

<u>Function and Activity</u>	<u>General Fixed Assets June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2000</u>
General Government:				
City Clerk	\$ 48,533			\$ 48,533
City Manager	191,536	143,790		335,326
Finance	990,582	12,403		1,002,985
Total General Government	<u>1,230,651</u>	<u>156,193</u>	<u>-</u>	<u>1,386,844</u>
Public Protection	6,259,874	879,643		7,139,517
Public Works	6,152,960	127,552		6,280,512
Library	656,880	14,436		671,316
Parks and Recreation	34,631,656	558,105	(15,000)	35,174,761
Non-departmental	27,932,360	155,963	(195,346)	27,892,977
Total General Fixed Assets Allocated to Functions	<u>\$ 75,633,730</u>	<u>1,735,699</u>	<u>(210,346)</u>	<u>\$ 77,159,083</u>
Total General Fixed Assets	<u>\$ 76,864,381</u>	<u>1,891,892</u>	<u>(210,346)</u>	<u>\$ 78,545,927</u>

**CITY OF LODI**  
**COMPARATIVE SCHEDULES OF GENERAL LONG-TERM OBLIGATIONS**  
**June 30, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
Amount to be provided for retirement of general long-term obligations	\$ 18,569,285	\$ 19,094,895
Total	\$ <u>18,569,285</u>	\$ <u>19,094,895</u>
General Long-term Obligations		
Compensated absences	\$ 4,683,774	\$ 4,581,400
Capitalized lease obligations	375,511	498,495
Certificates of participation	<u>13,510,000</u>	<u>14,015,000</u>
Total	\$ <u>18,569,285</u>	\$ <u>19,094,895</u>

## OVERVIEW

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- \* Certificates of Participation



**CITY OF LODI**  
**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS**  
**June 30, 2000 and 1999**

General fixed assets:	2000	1999
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Total	\$ <u>78,545,927</u>	\$ <u>76,864,381</u>

**CITY OF LODI**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**June 30, 2000**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Capital Lease Assets</u>	<u>Construction in Progress</u>	<u>Total</u>
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Total general fixed assets	\$ 19,111,815	24,015,010	4,598,524	4,320,427	842,522	25,657,629	\$ 78,545,927

**CITY OF LODI**  
**Schedule of Changes in General Fixed Assets**  
**By Function and Activity**  
**Year ended June 30, 2000**

<u>Function and Activity</u>	<u>General Fixed Assets June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2000</u>
General Government:				
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Total General Fixed Assets	<u>\$ 76,864,381</u>	<u>1,891,892</u>	<u>(210,346)</u>	<u>\$ 78,545,927</u>

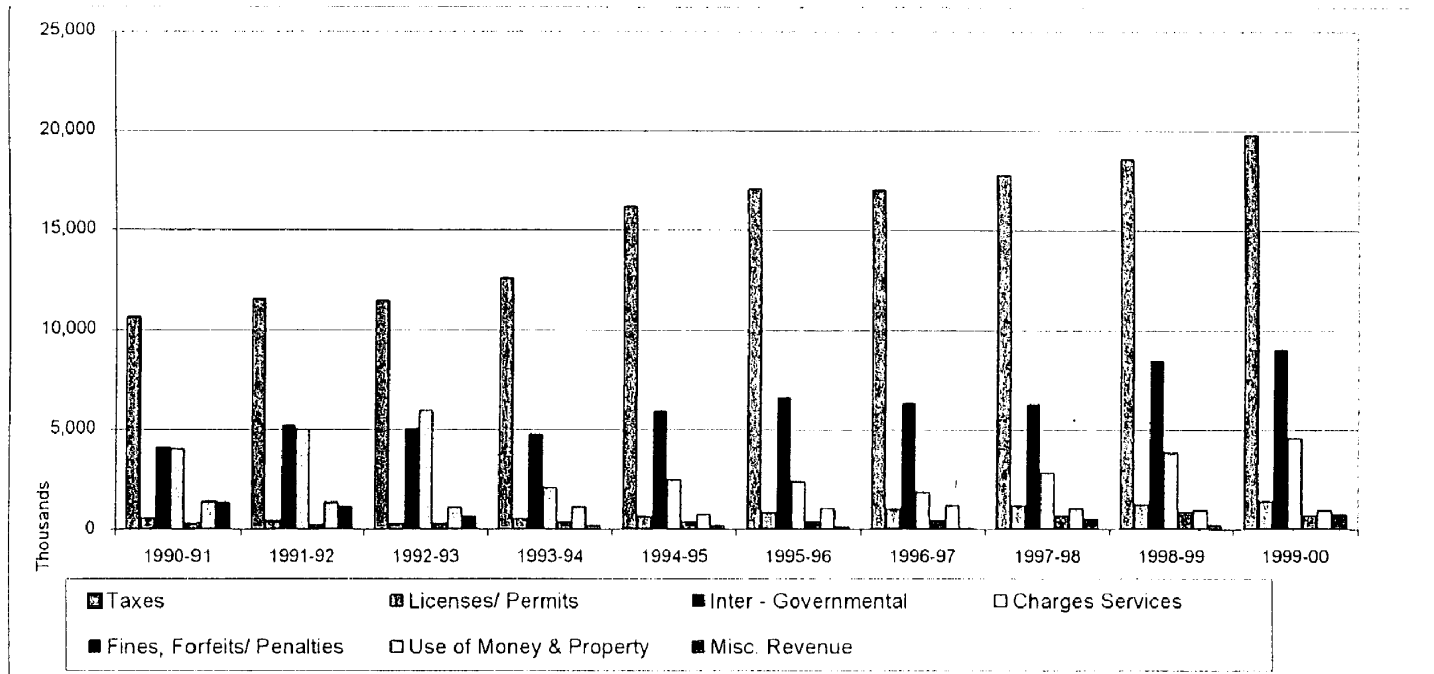
**CITY OF LODI**  
**COMPARATIVE SCHEDULES OF GENERAL LONG-TERM OBLIGATIONS**  
**June 30, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
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Certificates of participation	13,510,000	14,015,000
Total	\$ 18,569,285	\$ 19,094,895

# STATISTICAL TABLES

UNAUDITED

CITY OF LODI  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)



Fiscal Year	Taxes	Licenses/ Permits	Inter - Governmental	Charges Services	Fines, Forfeits/ Penalties	Use of Money & Property	Misc. Revenue	Total
1990-91	10,623	545	4,134	4,062	341	1,406	1,341	22,452
1991-92	11,556	420	5,213	5,003	252	1,380	1,139	24,963
1992-93	11,462	317	5,049	5,975	338	1,136	649	24,926
1993-94	12,579	507	4,756	2,100	407	1,157	199	21,705
1994-95	16,209	634	5,928	2,517	406	808	201	26,703
1995-96	17,070	842	6,642	2,428	421	1,063	140	28,606
1996-97	17,029	1,012	6,316	1,908	453	1,216	80	28,014
1997-98	17,790	1,183	6,291	2,871	662	1,060	524	30,381
1998-99	18,594	1,267	8,493	3,874	878	982	243	34,331
1999-00	19,801	1,406	9,054	4,611	714	982	764	37,332

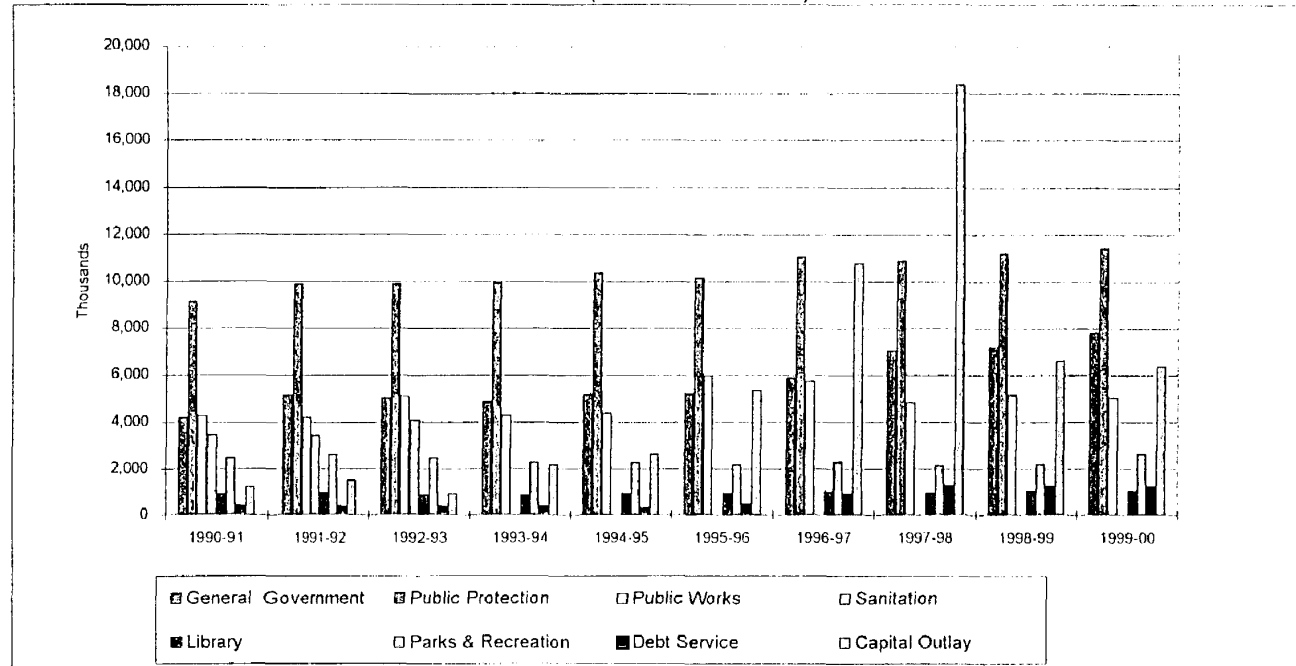
General Governmental Revenues include General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts.

SOURCE: City Finance Department

\* Due to change in accounting for refuse revenue.

\*\*Due to in-lieu taxes from Enterprise Funds.

CITY OF LODI  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)



Fiscal Year	General Government	Public Protection	Public Works	Sanitation	Library	Parks & Recreation	Debt Service	Capital Outlay	Total
1990-91	4,209	9,141	4,301	3,449	904	2,485	406	1,243	26,138
1991-92	5,186	9,903	4,204	3,424	949	2,632	395	1,519	28,212
1992-93	5,033	9,903	5,128	4,063	852	2,487	396	941	28,803
1993-94	4,908	9,949	4,296	0 *	881	2,307	405	2,203	24,949
1994-95	5,211	10,401	4,382	0 *	956	2,299	345	2,652	26,246
1995-96	5,217	10,172	6,012	0 *	954	2,198	500	5,378	30,431
1996-97	5,882	11,059	5,749	0 *	1,012	2,312	939	10,810	37,763
1997-98	7,068	10,896	4,810	0 *	966	2,174	1,288	18,383	45,585
1998-99	7,239	11,225	5,151	0 *	1,030	2,230	1,282	6,640	34,797
1999-00	7,813	11,430	5,039	0	1,040	2,670	1,282	6,420	35,694

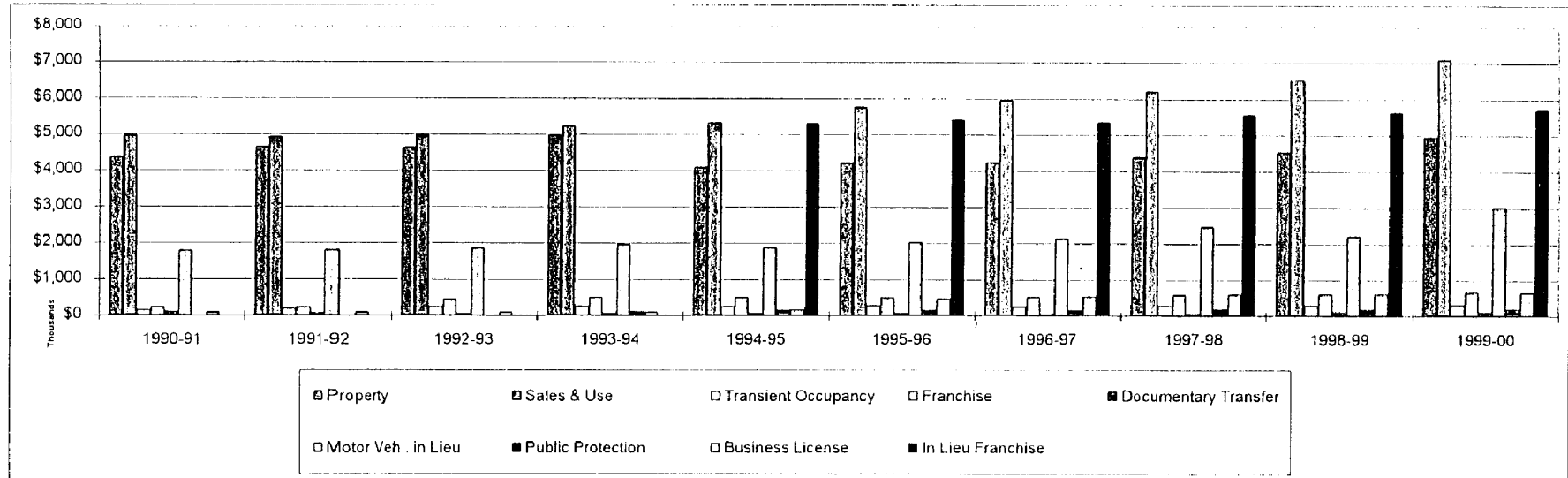
General Governmental Expenditures includes General, Special Revenue, Debt Service and Capital Projects Funds.

Excludes Expendable Trusts.

SOURCE: City Finance Department

\* Due to change in accounting for refuse expenditures.

CITY OF LODI  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)



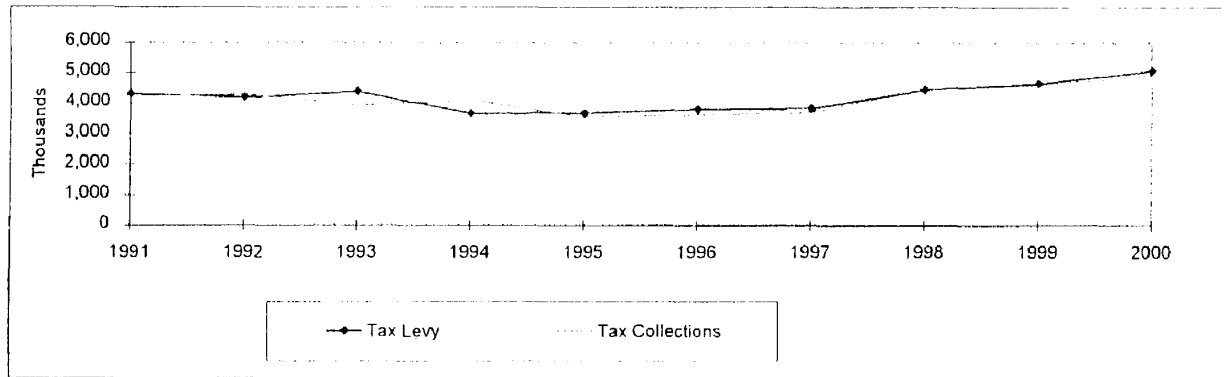
Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise	Documentary Transfer	Motor Veh. in Lieu	Cigarette	Public Protection	Business License	In Lieu Franchise	Total (1)
1990-91	4,348	4,962	151	238	98	1,787	90	-	93	-	11,767
1991-92	4,620	4,909	200	235	79	1,799	43	-	95	-	11,980
1992-93	4,618	4,968	236	447	58	1,868	7	-	95	-	12,297
1993-94	4,950	5,221	247	508	68	1,972	-	98	92	-	13,156
1994-95	4,077	5,320	248	506	68	1,885	-	149	169	5,300	17,722
1995-96	4,206	5,763	278	503	75	2,023	-	154	470	5,413	18,885
1996-97	4,225	5,950	249	524	66	2,144	-	154	541	5,348	19,201
1997-98	4,374	6,205	278	586	77	2,478	-	180	593	5,546	20,317
1998-99	4,517	6,523	305	618	119	2,221	-	180	612	5,627	20,722
1999-00	4,932	7,095	318	675	116	3,008	-	196	658	5,721	22,719

(1) General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenue of the City's General Fund.

SOURCE: City Finance Department



CITY OF LODI  
SECURED TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)



Fiscal Year	Total Tax Levy	Current Year's Tax Collections	Percent of Collections to Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1991	4,286	3,847	89.8%	351	4,198	97.9%
1992	4,175	4,105	98.3%	169	4,274	102.4%
1993	4,375	3,809	87.1%	90	3,899	89.1%
1994	3,639	3,461	95.1%	624	4,085	112.3%
1995	3,670	3,516	95.8%	9	3,525	96.0%
1996	3,781	3,615	95.6%	-	3,615	95.6%
1997	3,827	3,682	96.2%	-	3,682	96.2%
1998	4,444	4,433	99.8%	-	4,433	99.8%
1999	4,653	4,578	98.4%	-	4,578	98.4%
2000	5,056	4,917	97.3%	-	4,917	97.3%

SOURCE: County Auditor-Controller

CITY OF LODI

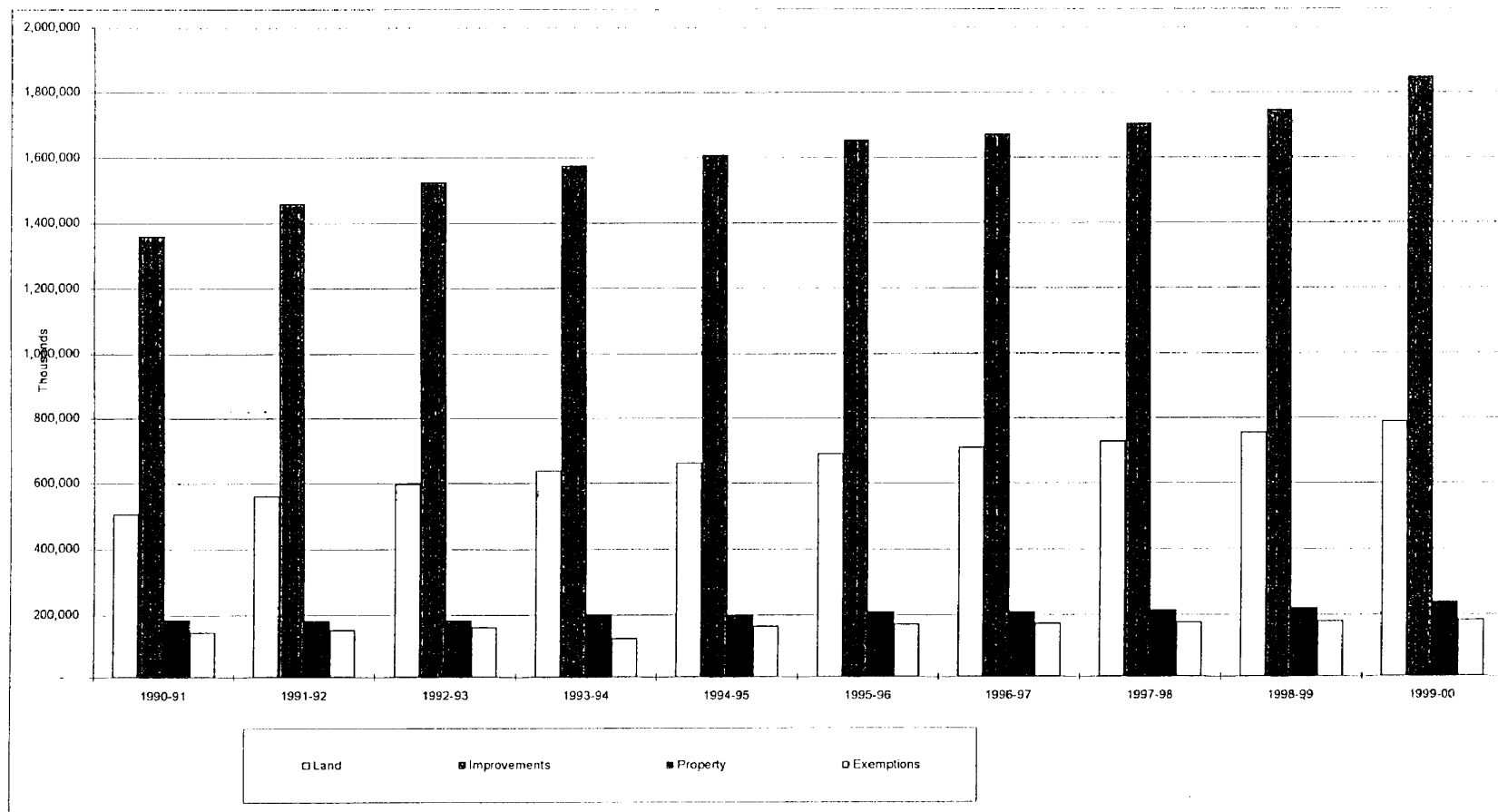
ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Secured Roll</u>	<u>Mineral Roll</u>	<u>Utility Roll</u>	<u>Unsecured Roll</u>	<u>Tax Roll</u>	<u>Less Exemptions</u>	<u>Net Tax Roll</u>
1990-91	1,948,698	12	2,712	99,114	2,050,536	145,148	1,905,388
1991-92	2,097,616	12	2,748	102,918	2,203,294	152,569	2,050,725
1992-93	2,200,557	12	2,782	100,982	2,304,333	160,068	2,144,265
1993-94	2,305,937	12	2,736	107,151	2,415,836	125,486	2,290,350
1994-95	2,353,069		3,504	115,180	2,471,753	164,592	2,307,161
1995-96	2,427,757		3,560	125,011	2,556,328	170,899	2,385,429
1996-97	2,463,536		3,557	125,907	2,593,000	172,945	2,420,055
1997-98	2,515,478		3,699	129,396	2,648,573	176,500	2,472,073
1998-99	2,574,622		3,826	146,345	2,724,793	179,835	2,544,958
1999-00	2,707,343		3,525	163,299	2,874,167	183,294	2,690,873

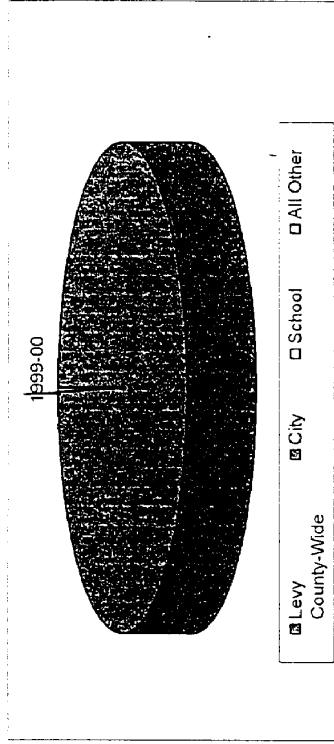
  

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total</u>	<u>Less Exemptions</u>	<u>Net Assessed Value</u>
1990-91	507,046	1,358,841	184,649	2,050,536	145,148	1,905,388
1991-92	561,505	1,461,124	180,665	2,203,294	152,569	2,050,725
1992-93	597,785	1,524,596	181,952	2,304,333	160,068	2,144,265
1993-94	639,421	1,575,675	200,740	2,415,836	125,486	2,290,350
1994-95	663,227	1,608,564	199,962	2,471,753	164,592	2,307,161
1995-96	691,116	1,654,842	210,370	2,556,328	170,899	2,385,429
1996-97	709,296	1,673,877	209,827	2,593,000	172,945	2,420,055
1997-98	728,900	1,705,635	214,038	2,648,573	176,500	2,472,073
1998-99	756,166	1,748,387	220,240	2,724,793	179,835	2,544,958
1999-00	787,249	1,847,800	239,118	2,874,167	183,294	2,690,873

**CITY OF LODI**  
**ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
 (Amounts in Thousands)



CITY OF LODI  
PROPERTY TAX RATES -- DIRECT & OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
Per \$100.00 of Assessed Value



Fiscal Year	Basic County-Wide			School	All Other	Total
	Levy	City				
1990-91	1.0000	0.0170		0.0248	0.0034	1.0452
1991-92	1.0000	0.0153		0.0248	0.0034	1.0435
1992-93	1.0000	0.0150		0.0248	0.0034	1.0432
1993-94	1.0000	0.0146		0.0248	0.0034	1.0428
1994-95	1.0000	0.0126		0.0140	0.0034	1.0300
1995-96	1.0000	0.0123		0.0028	0.0034	1.0185
1996-97	1.0000	0.0000		0.0022	0.0034	1.0056
1997-98	1.0000	0.0000		0.0019	0.0034	1.0053
1998-99	1.0000	0.0000		0.0001	0.0034	1.0035
1999-00	1.0000	0.0000		0.0002	0.0034	1.0036

SOURCE: San Joaquin County Auditor/Controller's Office

CITY OF LODI

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)

Fiscal Year	Current Assessments Due	Current Assessments Collected	Total Collection As Percent of Current Assessments Due	Total Outstanding Current and Delinquent Assessments
1990-91	182	178	97.8%	4
1991-92	178	140	78.7%	38
1992-93	49	46	93.9%	3
1993-94	52	52	100.0%	-
1994-95	49	48	98.0%	1
1995-96	51	50	98.0%	1
1996-97	125	125	100.0%	-
1997-98	-	-	0.0%	-
1998-99	-	-	0.0%	-
1999-00	-	-	0.0%	-

SOURCE: City Finance Department

**CITY OF LODI**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**(Amounts in Thousands)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Gross Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable From Enterprise Revenue</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1990-91	53	2,050,536	10,247	8,746	1,501	0.0732%	28.57
1991-92	53	2,203,294	12,375	11,170	1,205	0.0547%	22.74
1992-93	53	2,304,333	11,560	10,355	1,205	0.0523%	22.61
1993-94	54	2,415,837	10,840	10,270	570	0.0236%	10.58
1994-95	55	2,471,754	11,379	10,174	1,205	0.0488%	22.03
1995-96	54	2,556,328	15,078	10,078	5,000	0.1956%	91.41
1996-97	55	2,593,001	24,948	9,978	14,970	0.5773%	273.67
1997-98	56	2,648,573	24,372	9,872	14,500	0.5475%	265.08
1998-99	57	2,724,793	23,776	9,762	14,014	0.5143%	256.20
1999-00	58	2,874,167	23,146	9,636	13,510	0.4700%	246.98

SOURCE: City Finance Department

# CITY OF LODI

## COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BONDED DEBT June 30, 2000

	Total COP	Percent Applicable	City's Share of Debt
DIRECT DEBT:			
CERTIFICATE OF PARTICIPATION	\$ 13,510,000	100.00%	\$ 13,510,000
OVERLAPPING DEBT:			
NONE	0		0
Total	\$ 13,510,000		\$ 13,510,000

## DEBT RATIOS June 30, 2000

Ratio of Direct Overlapping Debt to Assessed Full Cash Value = 13,510,000/2,874,167,000 0.47%

Direct and Overlapping Debt Per Capita = 13,510,000/57,935 \$233

Taxable Assessed Full Cash Values Per Capita = 2,874,167,000/57,935 \$49,610

SOURCE: City Finance Department

CITY OF LODI

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2000

Assessed Full Cash Value as of June 30, 2000 (1)	\$ <u>2,874,166,878</u>
Debt Limit - 15 Percent of Assessed Full Cash Value (2)	\$ 431,125,032
Amount of Debt Applicable to Debt Limit	<u>0</u>
LEGAL DEBT MARGIN	\$ <u>431,125,032</u>

(1) Assessed Value before exemptions applicable to 1999-00 Tax Roll

(2) Section 43605 California Government Code

SOURCE: San Joaquin County Auditor/Controller's Office  
City Finance Department



**CITY OF LODI**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(Amounts in Thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Percent of Debt Service to Governmental Expenditures</u>
1990-91	145	33	178	26,138	0.68%
1991-92	147	27	174	28,212	0.62%
1992-93	156	21	177	28,803	0.61%
1993-94	165	15	180	24,949	0.72%
1994-95	114	8	122	26,246	0.46%
1995-96	118	4	122	30,431	0.40%
1996-97	0	0	*	37,763	*
1997-98	470	818	1,288	45,585	2.83%
1998-99	485	797	1,282	34,797	3.68%
1999-00	505	777	1,282	35,694	3.59%

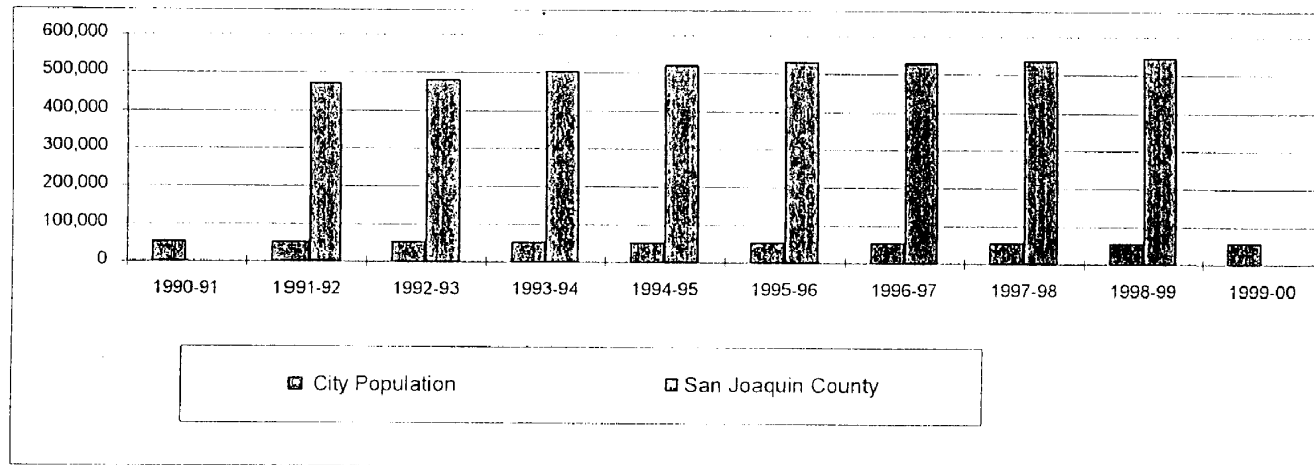
Zero balances occurred in 1996-97 due to general obligation bonds paid off in 1995-96.  
SOURCE: City Finance Department

**CITY OF LODI**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Current Fiscal Year's Debt Service Requirements			
				Principal	Interest	Total	Coverage
1990-91	3,743,712	1,746,750	1,996,962	110,000	700,060	810,060	2.47
1991-92	3,941,414	2,394,811	1,546,603		483,493	483,493	3.20
1992-93	2,923,038	2,009,791	913,247	330,000	710,390	1,040,390	0.88
1993-94	3,454,258	2,030,628	1,423,630	100,000	705,690	805,690	1.77
1994-95	3,596,313	2,489,307	1,107,006	110,000	700,355	810,355	1.37
1995-96	3,339,315	3,301,761	37,554	110,000	696,357	806,357	0.05
1996-97	3,444,597	2,863,017	581,580	115,000	688,818	803,818	0.72
1997-98	3,946,058	2,913,969	1,032,089	120,000	682,218	802,218	1.29
1998-99	3,935,006	2,957,162	977,844	125,000	675,030	800,030	1.22
1999-00	3,874,750	3,146,931	727,819	140,000	666,770	806,770	0.90

SOURCE: City of Lodi Finance Department

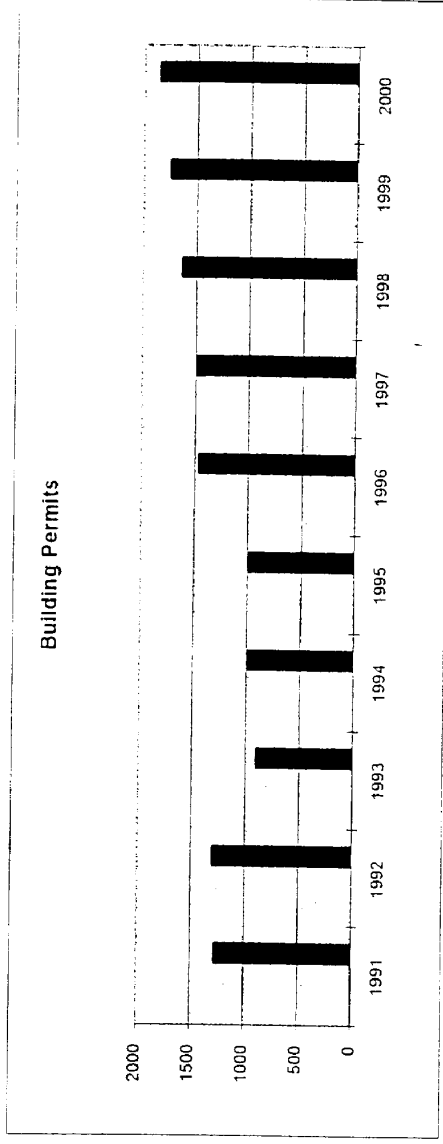
**CITY OF LODI  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**



Fiscal Year	Square Miles	City Population	Population Percent Change	San Joaquin County Population	Population Percent of County	Rank in Size of California Cities
1990-91	10.70	52,700	7.1%	470,934	11.2%	113
1991-92	11.30	52,900	0.4%	480,628	11.0%	113
1992-93	11.82	52,900	0.0%	503,400	10.5%	120
1993-94	12.14	53,000	0.2%	521,500	10.2%	124
1994-95	12.32	53,575	1.1%	530,700	10.1%	121
1995-96	12.32	54,473	1.7%	529,300	10.3%	81
1996-97	12.32	54,800	0.6%	535,420	10.2%	123
1997-98	12.32	55,700	1.6%	545,200	10.2%	124
1998-99	12.32	56,900	2.2%	554,400	10.3%	124
1999-00	12.50	57,900	1.2%	566,600	10.2%	125

SOURCE: State of California, Department of Finance, Demographic Research Unit.  
City Finance Department Budget

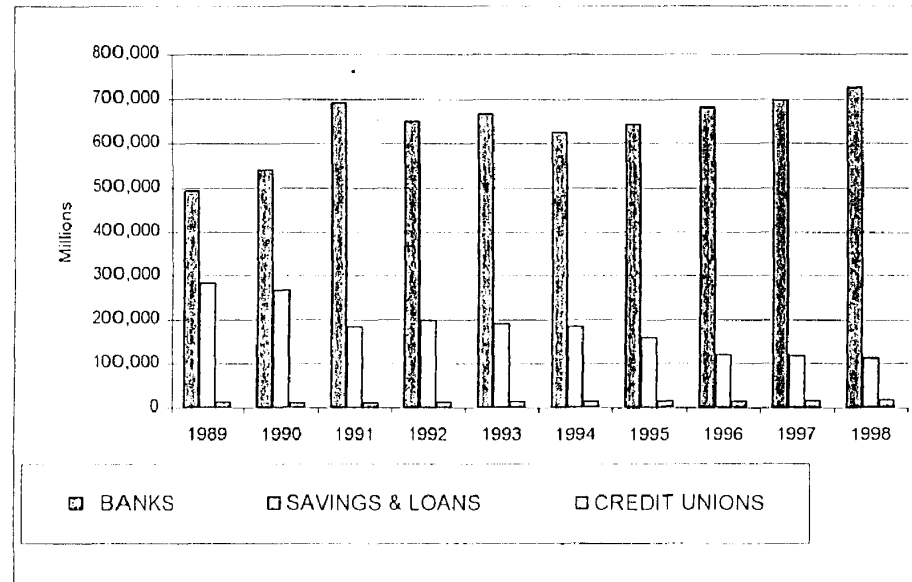
CITY OF LODI  
CONSTRUCTION ACTIVITY  
LAST TEN FISCAL YEARS



Fiscal Year	Number of Building Permits Issued	Percent Change	Estimated Valuation (in thousands)	Percent Change
1991	1279	-	40,634	-20.23%
1992	1300	1.64%	27,009	-33.53%
1993	903	-30.54%	18,123	-32.90%
1994	995	10.19%	31,517	73.91%
1995	994	- .10%	44,881	42.40%
1996	1464	47.24%	29,019	-35.34%
1997	1486	1.50%	57,452	97.98%
1998	1632	9.83%	59,790	4.07%
1999	1749	7.17%	74,012	23.79%
2000	1856	6.12%	77,613	4.87%

SOURCE: City Community Development Department

CITY OF LODI  
BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(Amounts in Millions)



Fiscal Year	BANKS	SAVINGS & LOANS	CREDIT UNIONS
1989	\$ 492,636	\$ 282,339	\$ 14,111
1990	540,545	267,501	12,813
1991	691,677	183,936	12,465
1992	649,252	198,756	13,993
1993	666,342	191,014	15,405
1994	627,132	186,159	15,689
1995	643,109	159,276	16,036
1996	682,223	121,183	15,721
1997	698,080	118,200	16,894
1998	725,210	113,431	17,729

Source: California State Department of Banking-Licensing & Statistics Section

Information on this page is the most recent data available.

**CITY OF LODI  
PRINCIPAL EMPLOYERS  
JUNE 30, 2000**

<u>Employer</u>	<u>Activity</u>	<u>Employees</u>
Lodi Unified School Dist.	Education	2,247
General Mills	Cereals and Food Mixes	575
Lodi Memorial Hospital	Health Care	650
Pacific Coast Producers	Can Manufacturer and Cannery	530
City of Lodi	Government	387
Wal-Mart	General Merchant	226
Target	General Merchant	200
Valley Industries	Trailer Hitches	191
Farmers and Merchants Bank	Banking	183
Lodi Fab Industries, Inc.	Industrial Storage Racks	200

**SOURCE: City of Lodi**

**CITY OF LODI  
PRINCIPAL TAXPAYERS  
JUNE 30, 2000**

<u>Property Owner</u>	<u>Land Use</u>	<u>Assessed Valuation</u>	<u>Percent of Total (1)</u>
General Mills, Inc.	Food Processing	\$ 175,048,560	6.80%
Pacific Coast Producers	Manufacturing	44,686,153	1.74%
Dayton Hudson Corp.	Department Store	15,623,172	0.61%
California Waste Removal System	Industrial	14,353,902	0.56%
GFLIP Limited Partners	Apartments	12,941,356	0.50%
Dart Container Corporation	Warehousing	12,885,034	0.50%
Wells Fargo Bank	Commercial	11,774,891	0.46%
First Lodi Plaza Associates	Shopping Center	11,620,333	0.45%
Wallace Computer Service	Warehousing	10,737,902	0.42%
Edmund N. Richmond	Industrial	10,455,000	0.41%
		<u>\$ 320,126,303</u>	<u>12.43%</u>

(1) Local Secured Assessed Valuation: 2,574,622,000

Source: San Joaquin County Assessor's Office

**CITY OF LODI  
SURETY BONDS OF PRINCIPAL OFFICIALS  
JUNE 30, 2000**

City Manager	\$500,000
Deputy City Manager	500,000
City Attorney	500,000
City Clerk	500,000
Public Works Director	500,000
Police Chief	500,000
Fire Chief	500,000
Finance Director	500,000
Community Development Director	500,000
Electric Utilities Director	500,000
Community Center Director	500,000
Parks and Recreation Director	500,000
Human Resources Director	500,000

City employees are covered by a commercial fidelity bond amounting to a maximum of \$500,000 per loss.

**SOURCE:** City of Lodi

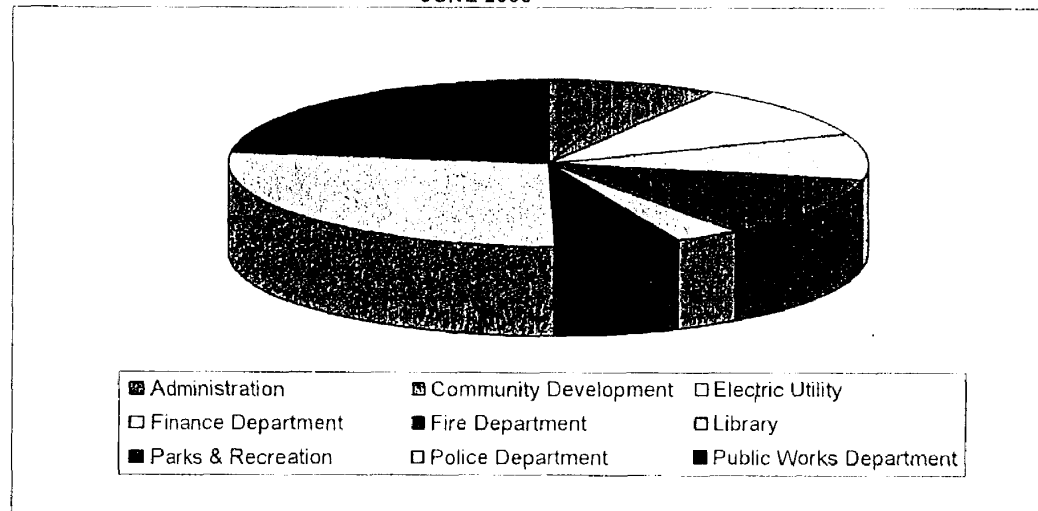


**CITY OF LODI**  
**GANN APPROPRIATION LIMITATION**  
**Last Ten Fiscal Years**

<u>FISCAL YEAR</u>	<u>LIMIT BASE</u>	<u>CPI or INCOME</u>	<u>POPULATION GROWTH</u>	<u>GROWTH FACTOR</u>	<u>APPROPRIATION LIMITATION</u>	<u>BUDGET SUBJECT TO LIMIT</u>	<u>VARIANCE</u>
1990-91	29,357,398	1.0421	1.0226	1.0657	31,286,179	17,847,059	13,439,120
1991-92	31,286,179	1.0414	1.0264	1.0689	33,441,797	22,048,696	11,393,101
1992-93	33,441,797	0.9936	1.0241	1.0175	34,027,028	17,255,606	16,771,422
1993-94	34,027,028	1.0272	1.0213	1.0491	35,697,755	16,646,590	19,051,165
1994-95	35,697,755	1.0071	1.0157	1.0229	36,515,234	17,292,960	19,222,274
1995-96	36,515,234	1.0470	1.0131	1.0609	38,739,012	18,583,360	20,155,652
1996-97	38,739,012	1.0467	1.0168	1.0643	41,229,332	19,243,568	21,985,764
1997-98	41,229,332	1.0467	1.0070	1.0540	43,456,825	20,096,975	23,359,850
1998-99	43,456,825	1.0536	1.0120	1.0420	45,785,303	20,491,809	25,293,494
1999-00	45,785,303	1.0453	1.0194	1.0656	48,787,849	20,907,397	27,880,452

SOURCE: City Finance Department

CITY OF LODI  
PERSONNEL AUTHORIZED LAST TEN YEARS  
JUNE 2000



DEPARTMENT	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00
Administration	17	17	17	22	22	22	20	20	20	20
Community Development	11	11	11	11	11	14	12	14	15	15
Electric Utility	41	41	41	40	40	42	38	44	44	44
Finance Department	40	40	39	36	36	36	34	36	37	37
Fire Department	49	49	49	48	48	48	49	48	49	49
Library	15	15	15	15	15	15	15	14	14	14
Parks & Recreation	34	35	36	29	29	28	27	26	26	26
Police Department	104	105	105	104	104	111	108	112	113	113
Public Works Department	95	95	97	89	89	91	87	94	95	95
Total	406	408	410	394	394	407	390	408	413	413

SOURCE: City of Lodi Finance Department

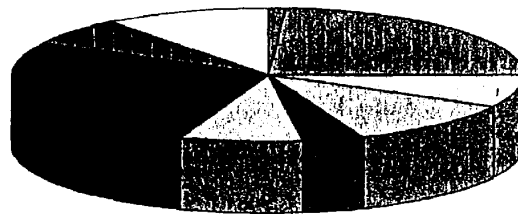
CITY OF LODI  
SCHEDULE OF TAXABLE SALES AND PERMITS BY CATEGORY  
LAST TEN YEARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SALES (IN THOUSANDS OF DOLLARS):										
Apparel Stores	\$ 9,909	\$ 9,549	\$ 8,429	\$ 6,467	\$ 6,105	\$ 5,970	\$ 5,651	\$ 5,633	4,898	4,898
General Merchandise Stores	41,672	40,089	49,944	60,764	73,765	79,420	84,977	105,423	101,018	101,018
Drug Stores	18,066	17,719	16,373	13,184	13,673	13,295	13,411			
Food Stores	35,525	40,197	42,130	33,033	28,692	33,237	34,029	34,247	34,032	34,032
Packaged Liquor Stores	4,558	3,956	6,470	6,041	5,932	5,664	6,150			
Eating & Drinking Places	40,361	39,302	38,548	39,161	39,714	43,770	44,598	45,349	47,053	47,053
Home Furnishings & Appliances	10,901	10,407	13,593	16,038	14,327	12,396	12,808	12,136	16,330	16,330
Building Materials & Farm Tool	31,526	28,604	30,278	37,539	34,250	31,801	31,858	29,865	33,163	33,163
Auto Dealers & Supplies	91,987	81,918	82,725	85,917	93,198	103,241	102,788	101,933	115,419	115,419
Service Stations	24,552	27,983	29,601	31,221	30,519	34,348	35,095	35,746	29,337	29,337
Other Retail Stores	21,830	21,488	23,089	25,666	26,547	29,261	30,502	39,759	44,528	44,528
Total Retail Stores	330,887	321,212	341,180	355,031	366,722	392,403	401,867	410,091	425,778	425,778
All Other Outlets	97,866	91,310	92,149	96,921	92,594	94,440	116,000	130,660		
TOTAL	\$ 428,753	\$ 412,522	\$ 433,329	\$ 451,952	\$ 459,316	\$ 486,843	\$ 517,867	\$ 540,751	\$ 425,778	\$ 425,778
PERMITS:										
Apparel Stores		26	29	32	25	23	22	31	28	28
General Merchandise Stores		9	17	14	15	13	13	20	22	22
Drug Stores		5	10	9	9	9	8			
Food Stores		28	42	44	47	45	45	49	47	47
Packaged Liquor Stores		7	8	8	7	7	7			
Eating & Drinking Places		65	135	132	136	144	146	146	146	146
Home Furnishings & Appliances		27	43	44	46	46	41	42	47	47
Building Materials & Farm Tool		14	38	38	35	29	30	27	25	25
Auto Dealers & Supplies		19	63	56	63	62	66	71	78	78
Service Stations		11	19	18	19	20	19	19	17	17
Other Retail Stores		98	186	182	196	201	197	208	205	205
Total Retail Stores	0	309	590	577	598	599	594	613	615	615
All Other Outlets		523	987	929	926	912	918	918	900	
TOTAL	0	0	1577	1506	1524	1511	1512	1531	1515	615

\* Not available

SOURCE: State Board of Equalization, State of California

CITY OF LODI  
SCHEDULE OF TAXABLE SALES  
LAST TEN YEARS



■ Apparel Stores	■ General Merchandise Stores	□ Drug Stores
■ Food Stores	■ Packaged Liquor Stores	□ Eating & Drinking Places
■ Home Furnishings & Appliances	□ Building Materials & Farm Tool	■ Auto Dealers & Supplies
■ Service Stations	□ Other Retail Stores	

CITY OF LODI  
SCHEDULE OF BUSINESS TAX RECEIPTS ISSUED  
YEAR ENDED JUNE 30, 2000

<u>TYPE OF BUSINESS</u>	<u>NO. OF BUSINESSES</u>	<u>PERCENT</u>
Located in Lodi:		
Agriculture, Forestry and Fishing	112	3.75%
Mining	0	0.00%
Construction	273	9.14%
Manufacturing	96	3.21%
Transportation and Public Utilities	44	1.47%
Wholesale trade	80	2.68%
Retail trade	638	21.36%
Finance, Insurance and Real Estate	278	9.31%
Services	1,466	49.09%
Total	<u>2,987</u>	<u>100.00%</u>

Located outside Lodi:

Agriculture, Forestry and Fishing	37	4.41%
Mining	0	0.00%
Construction	476	56.73%
Manufacturing	14	1.67%
Transportation and Public Utilities	8	0.95%
Wholesale trade	51	6.08%
Retail trade	53	6.32%
Finance, Insurance and Real Estate	31	3.68%
Services	169	20.14%
Total	<u>839</u>	<u>100.00%</u>
Grand Total	<u>3,826</u>	

SOURCE: City Finance Records

CITY OF LODI  
MISCELLANEOUS STATISTICS  
JUNE 30, 2000

POPULATION		ELECTRIC UTILITY	
Population	57,935	Number of Customers	23,644
Assessed Value	\$2.8b	Energy Sales (MWH)	383,333
Building Permits Issued	1,856	Peak Demand(MW)	123
Date of Incorporation	December 6, 1906		
Form of Government	Council-Manager		
Employees	413	PARKS & RECREATION	
Area	12.5 SQ Miles	Parks Developed	25
		Acres Parks Developed	293
		Parks Undeveloped	7
		Acres Parks Undeveloped	107
		Community Center	1
		Swimming Pools	3
		Tennis Courts	11
		Boat Ramp	1
		Playgrounds	16
		Ball Parks Various	25
		Soccer Fields	36
		Football Field	1
		Handball/Basketball/Volleyball Courts	6
		Horseshoe Pits	12
FIRE PROTECTION			
Number of Stations	3		
Number of Firefighters	40		
Number of Reserve Firefighters	0		
Number of Calls Answered	4,047		
POLICE PROTECTION			
Number of Stations	1		
Number of Police Officers	77		
Number of Reserve Officers	7		
Number of Support Personnel	35		
Number of Calls Answered	unable to determine		
PUBLIC WORKS		EDUCATION	
Miles of Streets	176	Elementary Schools (public)	19
Miles of Alley Ways	16	Middle Schools (public)	6
Number of Street Lights	5,701	High Schools (public)	5
Number of Traffic Signals	52	Elementary Schools Enrollment (public)	13,482
		Middle Schools Enrollment (public)	4,140
		High Schools Enrollment (public)	7,994
WATER/WASTEWATER			
Miles of Water Mains	204	K-8 Schools (private)	5
Miles of Wastewater Lines	164	High Schools (private)	1
Number of Wastewater Treatment Plants	1	K-8 Enrollment (private)	1472
Average Daily Treatment	6.3 MG	High School Enrollment (private)	98
Maximum Daily Capacity	8.5 MG		
HOSPITALS			
Number of Hospitals	1		
Number of Patient Beds	181		

## SINGLE AUDIT REPORTS

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**CITY OF LODI, CALIFORNIA**  
Schedule of Expenditures of Federal Awards  
Fiscal Year Ended June 30, 2000

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
(Pass-through San Joaquin County – Department of Planning and Building Inspection, Urban county arrangement, and therefore no pass-through number.)			
Community Development Block Grants:			
1999-2000 Program Year	14.228	N/A	\$ 100,505
1998-1999 Program Year	14.228	N/A	284,070
1997-1998 Program Year	14.228	N/A	131,359
1996-1997 Program Year	14.228	N/A	572
1995-1996 Program Year	14.228	N/A	552
1993-1994 Program Year	14.239	N/A	1,815
Home Funds		N/A	7,942
			<u>526,815</u>
<b>U.S. Department of Transportation:</b>			
(Pass-through California Department of Transportation)			
Federal Transit Assistance (FTA):			
1999-2000 Program Year	20.507	N/A	581,357
1998-1999 Program Year	20.507	N/A	1,365,965
1997-1998 Program Year	20.507	N/A	50,118
1996-1997 Program Year	20.507	N/A	90,316
Intermodal Surface Transportation Efficiency Act (ISTEA)	20.205	N/A	653,684
			<u>2,741,440</u>
<b>U.S. Department of Justice:</b>			
Office of the Justice Programs:			
1996 COPS MORE Grant	16.726	N/A	406
1998 COPS MORE Grant	16.710	N/A	126,351
COPS Universal Hiring Grant	16.710	N/A	60,649
Local Law Enforcement Block Grant:			
96-LB-VX-1055	16.592	N/A	7,791
97-LB-VX-3209	16.592	N/A	4,224
(Pass-through State Office of Criminal Justice Planning)			
Crac-Net DC 97080390	16.579	DC 97080390	74,046
			<u>273,467</u>
Total federal awards			<u>\$ 3,541,722</u>

See accompanying notes to schedule of expenditures of federal awards.



## **CITY OF LODI, CALIFORNIA**

### **Notes to Schedule of Expenditures of Federal Awards**

**For the year ended June 30, 2000**

#### **(1) General**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2000 presents the activity of all federal awards programs of the City of Lodi, California (the City). The City's reporting entity is defined in note 1 to the City's general purpose financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed through other government agencies. Amounts reported on the SEFA agree to or can be reconciled with the amounts reported or to be reported in the related federal financial reports.

#### **(2) Basis of Accounting**

The accompanying SEFA is presented using the modified accrual basis of accounting in the governmental funds and the accrual basis of accounting in the proprietary fund which is described in note 1 to the City's general purpose financial statements.



Three Embarcadero Center  
San Francisco, CA 94111

**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Members of City Council  
City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California (the City) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 18, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance***

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting which we have been reported to management of the City in a separate letter.

This report is intended solely for the information of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

October 18, 2000



Three Embarcadero Center  
San Francisco, CA 94111

**Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

The Honorable Members of City Council  
City of Lodi, California:

***Compliance***

We have audited the compliance of the City of Lodi, California (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of auditors' results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lodi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

### *Internal Control over Compliance*

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 18, 2000

**Schedule of Auditors' Results, Findings and Questioned Costs –  
Year Ended June 30, 2000**

**CITY OF LODI, CALIFORNIA**  
Schedule of Auditors' Results, Findings and Questioned Costs  
Year ended June 30, 2000

**(1) Summary of Auditors' Results**

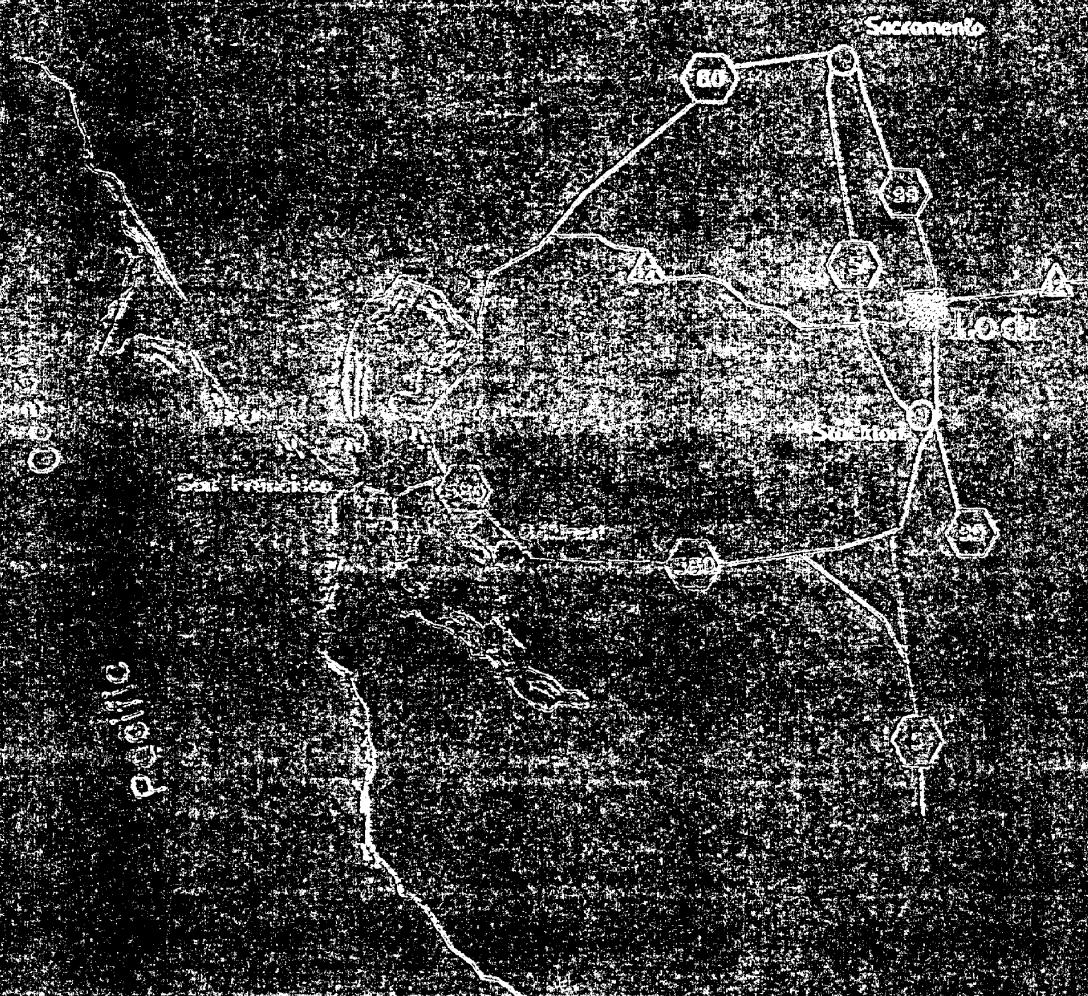
- (a) The type of report issued on the general purpose financial statements: **Unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the general purpose financial statements: **None reported**  
Material weaknesses: **None reported**
- (c) Noncompliance which is material to the general purpose financial statements: **None reported**
- (d) Reportable conditions in internal control over major programs: **None reported** Material weaknesses: **None reported**
- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **None reported**
- (g) Major programs:
  - CFDA #
  - 14.228 United States Department of Housing and Urban Development – Community Development Block Grants
  - 20.507 United States Department of Transportation – Federal Transit Assistance
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- (i) Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

**(3) Findings and Questioned Costs Relating to Federal Awards:**

None



# LOCATION MAP

No Scale